香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公告全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本公告及本公告所述的上市文件乃按上市規則(定義見下文)規定刊發，僅供參考之用，並不構成出售任何證券的要約或招攬購買任何證券的要約。本公告及本公告所述任何內容(包括上市文件(定義見下文))並非任何合同或承諾的依據。為免生疑，刊發本公告及本公告所述的上市文件不應被視為就香港法例第32章公司(清盤及雜項條文)條例而言根據發行人(定義見下文)或其代表刊發的售股章程提出的證券發售要約，亦不構成香港法例第571章證券及期貨條例所指其中載有向公眾人士發出邀請以訂立或發出要約以訂立有關收購、出售、認購或承銷證券的協議的廣告、邀請或文件。

本公告僅供參考之用，並不構成收購、購買或認購證券的邀請或要約。本公告並不構成或成為於美國購買或認購證券之任何要約或招攬之一部分。票據(定義見下文)概無及將不會按照經修訂的1933年美國證券法(「**美國證券法**」)或任何其他司法管轄區的證券法律登記，除根據美國證券法獲豁免或不受美國證券法的登記規定所規限的交易外，概不可在美國境內(其定義見美國證券法項下S規例(「**S規例**」)發售或出售。因此，票據將在符合S規例的情況下在美國境外發售及出售。於美國公開發售證券將須以售股章程形式作出。該等售股章程須載有作出發售之發行人及其管理和財務報表之詳細資料。證券不會於美國境內公開發售。

香港投資者謹請注意：發行人確認票據擬僅供專業投資者(定義見香港聯合交易所有限公司證券上市規則第37章)購買，且已以此為基礎於香港聯合交易所有限公司上市。因此，發行人確認票據不適合作為香港零售投資者之投資。投資者應審慎考慮所涉及的風險。

刊發補充發售通函及定價補充文件

中國民生銀行股份有限公司香港分行
(「發行人」)

中国民生银行
CHINA MINSHENG BANK

中國民生銀行股份有限公司
CHINA MINSHENG BANKING CORP., LTD.

(在中華人民共和國註冊成立的股份有限公司)

(「本行」)

(股份代號：01988)

於5,000,000,000美元中期票據計劃(「該計劃」)下提取
於2027年到期的300,000,000美元浮息票據(「票據」)
(股份代號：5204)

本公告乃根據香港聯合交易所有限公司(「**香港聯交所**」)證券上市規則(「**上市規則**」)第37.39A條刊發。

請參閱本公告隨附的日期為2024年9月9日有關票據的補充發售通函(「**補充發售通函**」)及日期為2024年9月9日有關票據的定價補充文件(「**定價補充文件**」)以及日期為2024年3月4日有關該計劃的發售通函(「**計劃發售通函**」)[(1)](計劃發售通函、補充發售通函及定價補充文件統稱為「**該等上市文件**」，各自稱為「**上市文件**」)。誠如該等上市文件所披露，票據擬僅供專業投資者(定義見上市規則第37章)購買，並已以此為基礎於香港聯交所上市。

概無該等上市文件構成向任何司法管轄區的公眾人士提呈出售任何證券的售股章程、通告、通函、宣傳冊或廣告，且任何上市文件並非向公眾人士發出邀請以就認購或購買任何證券作出要約，任何上市文件亦非供傳閱以邀請公眾人士就認購或購買任何證券作出要約。

概無該等上市文件應被視為認購或購買發行人任何票據的誘因，亦無意作出有關誘因。

2024年9月16日

附註：

(1) 日期為2024年3月4日的有關發行人該計劃的發售通函載於：https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0305/2024030500281_c.pdf

於本公告日期，本行執行董事為高迎欣先生、王曉永先生及張俊潼先生；非執行董事為張宏偉先生、劉永好先生、史玉柱先生、宋春風先生及趙鵬先生；獨立非執行董事為曲新久先生、溫秋菊女士、宋煥政先生、楊志威先生、程鳳朝先生及劉寒星先生。

目錄

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. It applies to the attached supplemental offering circular which follows this page (the "**Supplemental Offering Circular**"), and you are therefore advised to review this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view the Supplemental Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act (the "**Regulation S**"). By accepting the e-mail and accessing the attached Supplemental Offering Circular, you shall be deemed to have represented to the Issuer, the Bank (each as defined in the Supplemental Offering Circular), China Minsheng Banking Corp., Ltd. Hong Kong Branch, Standard Chartered Bank, Bank of Communications Co., Ltd. Hong Kong Branch, CMBC Securities Company Limited and Industrial Bank Co., Ltd. Hong Kong Branch (together, the "**Joint Global Coordinators**"), Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, China CITIC Bank International Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Chiyu Banking Corporation Limited, CLSA Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Huatai Financial Holdings (Hong Kong) Limited, ICBC International Securities Limited, Industrial and Commercial Bank of China (Asia) Limited, Industrial and Commercial Bank of China (Macau) Limited, Industrial and Commercial Bank of China Limited, Singapore Branch, Korea Investment & Securities Asia Limited, Lion Global Financial Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited and SPDB International Capital Limited (together with the Joint Global Coordinators, the "**Joint Lead Managers**") (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Supplemental Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Supplemental Offering Circular has been delivered to you on the basis that you are a person into whose possession the Supplemental Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Supplemental Offering Circular to any other person.

You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The Supplemental Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Supplemental Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Joint Lead Managers or the Agents (as defined in the Supplemental Offering Circular), nor any person who controls any of them, nor any director, officer, employee, nor agent of any of them, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Restrictions: The Supplemental Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

STRICTLY CONFIDENTIAL

CHINA MINSHENG BANKING CORP., LTD. HONG KONG BRANCH

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

Issue of U.S.$300,000,000 Floating Rate Notes due 2027 under the U.S.$5,000,000,000 Medium Term Note Programme of China Minsheng Banking Corp., Ltd. Hong Kong Branch

Issue Price: 100.0 per cent.

This Supplemental Offering Circular is supplemental to, forms part of and must be read and construed in conjunction with, the offering circular dated 4 March 2024 (the "**Original Offering Circular**") prepared by China Minsheng Banking Corp., Ltd. Hong Kong Branch (the "**Issuer**"), in connection with the U.S.$5,000,000,000 Medium Term Note Programme as described in the Original Offering Circular (the "**Programme**"). This Supplemental Offering Circular is prepared for the U.S.$300,000,000 Floating Rate Notes due 2027 (the "**Notes**") to be issued by the Issuer under the Programme. Terms given a defined meaning in the Original Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplemental Offering Circular. To the extent there is any inconsistency between any statement in this Supplemental Offering Circular and any statement in the Original Offering Circular, the statement in this Supplemental Offering Circular shall prevail.

Application will be made to The Stock Exchange of Hong Kong Limited ("**HKSE**") for the listing of and permission to deal in the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) (the "**Professional Investors**") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Bank or the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This Supplemental Offering Circular (together with the Original Offering Circular) includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer, the Bank and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Supplemental Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pursuant to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the "**NDRC Administrative Measures**"), the Bank has obtained the Enterprise Foreign Debt Review and Registration Certificate (企業借用外債審核登記證明) dated 19 October 2023 (the "**NDRC Certificate**") issued by the NDRC, pursuant to which a general foreign debt quota was granted to the Bank and the Issuer may issue the Notes up to the foreign debt quota allocated to it without further obtaining any pre-issuance registration certificate under the NDRC Administrative Measures. However, the Issuer will still be required to report or cause to be reported the requisite information and documents in connection with the Notes to the NDRC in accordance with the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and subject to certain exceptions, the Notes may not be offered or sold within the United States and are only being offered and sold outside the United States in compliance with Regulation S under the Securities Act ("**Regulation S**"). See "*Subscription and Sale*" in the Original Offering Circular.

The Notes will be represented by beneficial interests in a permanent global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 13 September 2024 (the "**Issue Date**") with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Notes will not be issued in exchange for interests in the Global Certificate. The provisions governing the exchange of interests in the Global Certificate for other Global Certificates or Definitive Notes are described in "*Summary of Provisions relating to the Notes while Represented by the Global Notes or the Global Certificate*" in the Original Offering Circular.

The Notes are expected to be assigned a rating of "BBB-" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). The Programme has been rated "BBB-" by S&P. These ratings are only correct as at the date of this Supplemental Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves risks. See "*Risk Factors*" in this Supplemental Offering Circular and the Original Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes. The sections of the Original Offering Circular entitled "*Summary*", "*Summary Financial Information*", "*Risk Factors*", "*Capitalisation and Indebtedness*", "*Use of Proceeds*", "*Description of the Hong Kong Branch*", "*Description of the Bank*", "*Risk Management*", "*Asset and Liabilities*", "*Substantial Shareholders*", "*Directors, Management and Supervisors*", "*Taxation*" and "*General Information*" have been supplemented and/or amended with the information in this Supplemental Offering Circular.

With effect from the date of this Supplemental Offering Circular, the information appearing in the Original Offering Circular shall be amended and/or supplemented by the inclusion of the information set out below.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

China Minsheng Banking Corp., Ltd. Hong Kong Branch | **Standard Chartered Bank** | **Bank of Communications** | **CMBC Capital** | **Industrial Bank Co., Ltd. Hong Kong Branch**

Joint Bookrunners and Joint Lead Managers

Agricultural Bank of China Limited Hong Kong Branch | **Bank of China** | **CCB International**

China CITIC Bank International | **China Everbright Bank** | **China Galaxy International** | **China Industrial Securities International** | **China International Capital Corporation**

China Securities International | **China Zheshang Bank Co., Ltd. (Hong Kong Branch)** | **Chiyu Banking Corporation Limited** | **CITIC Securities** | **CMB International** | **CMB Wing Lung Bank Limited**

CNCB Capital | **Guotai Junan International** | **Haitong International** | **Hua Xia Bank Co., Limited Hong Kong Branch** | **Huatai International**

ICBC | **KIS Asia** | **Lion Global Financial Limited** | **Shanghai Pudong Development Bank** | **SMBC Nikko**

Supplemental Offering Circular dated 9 September 2024

IMPORTANT NOTICE

Each of the Issuer and the Bank having made all reasonable enquiries confirms that to the best of its knowledge and belief (i) this Supplemental Offering Circular contains all information with respect to the Group and to the Notes which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Bank and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Notes); (ii) the statements contained herein relating to the Issuer, the Bank, the Group and the Notes are in every material respect true and accurate and not misleading and (iii) there are no other facts in relation to the Issuer, the Bank, the Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Supplemental Offering Circular misleading in any material aspect.

The Notes will be issued on the terms set out under "*Terms and Conditions of the Notes*" in the Original Offering Circular, as amended and/or supplemented by the pricing supplement set out in this Supplemental Offering Circular (the "**Pricing Supplement**").

This Supplemental Offering Circular (together with the Original Offering Circular) includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Issuer, the Bank, the Group and the Notes. The Issuer accepts full responsibility for the accuracy of the information contained in this Supplemental Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Supplemental Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "**Documents Incorporated by Reference**") in the Original Offering Circular. This Supplemental Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Supplemental Offering Circular.

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Joint Lead Managers or the Agents (as defined in "*Terms and Conditions of the Notes*" in the Original Offering Circular). Neither this Supplemental Offering Circular nor any other information supplied in connection with the Programme or the Notes should be considered as a recommendation by the Issuer, the Joint Lead Managers or the Agents that any recipient of this Supplemental Offering Circular or any other information supplied in connection with the Programme or the Notes should purchase any Notes. This Supplemental Offering Circular does not take into account the objectives, financial situation or needs of any potential investor. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Bank and the Group. Neither this Supplemental Offering Circular nor any other information supplied in connection with the Programme or the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Joint Lead Managers or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Supplemental Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date hereof or the date upon which this Supplemental Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Bank or the Group since the date hereof or the date upon which this Supplemental Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplemental Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplemental Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction.

The Notes are being offered and sold outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Supplemental Offering Circular, see "*Subscription and Sale*" in the Original Offering Circular.

Each of the Issuer and the Bank has prepared this Supplemental Offering Circular solely for use in connection with the proposed offering of the Notes as described in this Supplemental Offering Circular. This Supplemental Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or China Minsheng Banking Corp., Ltd. Hong Kong Branch, Standard Chartered Bank, Bank of Communications Co., Ltd. Hong Kong Branch and Industrial Bank Co., Ltd. Hong Kong Branch (together, the "**Joint Global Coordinators**"), Agricultural Bank of China Limited Hong Kong Branch, Bank of China Limited, CCB International Capital Limited, CEB International Capital Corporation Limited, China CITIC Bank International Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Chiyu Banking Corporation Limited, CLSA Limited, CMB International Capital Limited, CMB Wing Lung Bank Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Huatai Financial Holdings (Hong Kong) Limited, ICBC International Securities Limited, Industrial and Commercial Bank of China (Asia) Limited, Industrial and Commercial Bank of China (Macau) Limited, Industrial and Commercial Bank of China Limited, Singapore Branch, Korea Investment & Securities Asia Limited, Lion Global Financial Limited, Orient Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, SMBC Nikko Securities (Hong Kong) Limited, SPDB International Capital Limited and The Bank of East Asia, Limited (together with the Joint Global Coordinators, the "**Joint Lead Managers**") to subscribe for or purchase any of the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Joint Lead Managers or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable law.

None of the Issuer, the Joint Lead Managers or the Agents represents that this Supplemental Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available hereunder, or assumes any responsibility for facilitating any such distribution or offering. No Notes may be offered or sold, directly or indirectly, and neither this Supplemental Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

None of the Joint Lead Managers or the Agents has independently verified the information contained herein or incorporated by reference in this Supplemental Offering Circular. No representation, warranty or undertaking, express or implied is made by the Joint Lead Managers or the Agents, or any director, officer, employee, agent or affiliate of any such person, to the accuracy or completeness of any of the information contained or incorporated by reference in this Supplemental Offering Circular, and none of the Joint Lead Managers or the Agents accepts any responsibility for any acts or omissions of the Issuer or the Bank or any other person (other than the relevant Joint Lead Managers) in connection with the issue and offering of the Notes. To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents accepts any responsibility for the contents of this Supplemental Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager or any Agent or on its behalf in connection with the Issuer, the Bank or the issue and offering of the Notes. Each of the Joint Lead Managers and the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplemental Offering Circular or any such statement. Neither this Supplemental Offering Circular nor any financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Joint Lead Managers or the Agents that any recipient of this Supplemental Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential investor of the Notes should determine for itself the relevance of the information contained in this Supplemental Offering Circular and its purchase of the Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers or the Agents undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Supplemental Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers or the Agents.

From time to time, in the ordinary course of business, certain of the Joint Lead Managers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Joint Lead Managers and their affiliates will continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future.

The Joint Lead Managers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes, including the merits and risks involved. The Issuer does not and the Joint Lead Managers and the Agents do not make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

IN CONNECTION WITH THE NOTES, ONE OR MORE OF THE JOINT LEAD MANAGER(S) (THE "STABILISATION MANAGER(S)") (OR ANY PERSON ACTING ON THEIR BEHALF) MAY ACT AS THE STABILISATION MANAGER(S). THE IDENTITY OF THE STABILISATION MANAGER(S) (IF ANY) WILL BE DISCLOSED IN THE PRICING SUPPLEMENT. IN CONNECTION WITH THE ISSUE OF THE NOTES, ONE OR MORE OF THE JOINT LEAD MANAGER(S) NAMED AS STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE PRICING SUPPLEMENT MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY END AT ANY

TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes pursuant to the Programme, including certain Joint Lead Managers, are "capital market intermediaries" (the "CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Notes and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Bank, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the Bank, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Bank or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Bank, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

In the Supplemental Offering Circular, unless otherwise specified, references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China, all references to the "PRC" or "China" are to the People's Republic of China, excluding Taiwan, Hong Kong and Macau, references to "U.S.$", "US dollars" or "U.S. dollars" are to the lawful currency of the United States of America, references to "Renminbi" or "RMB" are to the lawful currency of the PRC, and references to "Hong Kong dollar" or "HK$" are to the lawful currency of Hong Kong.

Solely for the sake of convenience, this Supplemental Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB7.2672 to U.S.$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 28 June 2024. These translations should not be construed as representations that the Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all.

In this Supplemental Offering Circular, unless otherwise specified, references to:

- "the Bank" and "the Group" are to China Minsheng Banking Corp., Ltd. and, in the case of "the Group", except as the context otherwise requires, the subsidiaries of China Minsheng Banking Corp., Ltd.;
- the "branch outlets" include the head office, branches and outlets and other establishments of the Bank;
- a "business day" is a day that is not Saturday, Sunday or a public holiday in Hong Kong; and
- the terms "associate", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, in this Supplemental Offering Circular, unless otherwise indicated, the terms "loans and advances to customers", "loans" and "loans to customers" are used synonymously.

In this Supplemental Offering Circular, unless otherwise indicated, the discussions on loans are based on the Group's gross loans and advances to customers, before taking into account the related allowance for impairment losses, rather than its net loans to customers. The Group's loans and advances to customers are reported net of the allowance for impairment losses on its consolidated balance sheet.

The growth rates with respect to the business and financial data of the Group presented in this Supplemental Offering Circular are calculated based on amounts in millions of Renminbi.

Presentation of financial information

This Supplemental Offering Circular contains the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023 (the "**Audited Financial Statements**"). The Audited Financial Statements were audited by PricewaterhouseCoopers ("**PwC**"), the independent auditors of the Bank, and prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**"), as stated in its report appearing herein. The Audited Financial Statements were extracted from the Group's published annual report as at and for the year ended 31 December 2023 and has been published on the HKSE.

This Supplemental Offering Circular contains the unaudited but reviewed condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2024 (the "**Interim Financial Statements**"). The Interim Financial Statements were prepared in accordance International Accounting Standard 34 "*Interim Financial Reporting*" and reviewed by PwC in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by International Auditing and Assurance Standards Board (the "**IAASB**"), as stated in its report appearing herein. The Interim Financial Statements were extracted from the Group's published results announcement for the six months ended 30 June 2024.

The Interim Financial Statements are not necessarily indicative of the results that may be expected for the year ended 31 December 2024 or any period thereafter. Neither of the Joint Lead Managers nor the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the Interim Financial Statements set out in this Supplemental Offering Circular or their respective sufficiency for an assessment of the Bank's or the Group's financial condition and results of operations. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

Forward-looking statements

Certain statements under "*Risk Factors*", "*Description of the Bank*" and elsewhere in this Supplemental Offering Circular constitute "forward-looking statements". The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate", "may", "will", "would", "could", "aim", "intend", "project", "potential", "future", "seek", "should" and similar words or the negative thereof, or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Supplemental Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Reliance should not be placed on these forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Supplemental Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's expectations. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on behalf of the Issuer are expressly qualified in their entirety by such cautionary statements.

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SUMMARY

The section entitled "Summary" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The following summary highlights information contained elsewhere in this Supplemental Offering Circular. Because this is only a summary, it does not contain all of the information that you should consider before deciding to invest in the Notes. You should read the entire Supplemental Offering Circular and the Original Offering Circular carefully, including the "Risk Factors" section and the consolidated financial statements of the Group and related notes.

Overview

The Bank is the first national joint stock commercial bank in the PRC primarily founded by non-state-owned enterprises and the only non-state-owned PRC joint stock commercial bank. Since its establishment in 1996, the Bank has grown significantly and, as at 30 June 2024, the Bank ranked fifth amongst the listed PRC joint stock commercial banks in terms of total assets, according to public disclosure of PRC joint stock commercial banks. As at 30 June 2024, the Bank remained one of the national systematically important banks in China. The Bank completed the domestic initial public offering and listing on the Shanghai Stock Exchange of its A shares on 19 December 2000, and the initial public offering and listing on the HKSE of its H shares on 26 November 2009.

As at 30 June 2024, the Group's total assets, total loans and advances to customers, and total deposits from customers (excluding accrued interest) amounted to RMB7,551.0 billion, RMB4,423.2 billion and RMB4,064.7 billion, respectively. For the six months ended 30 June 2024, the Group had a net profit of RMB22.7 billion. The Group delivered steady returns for the six months ended 30 June 2024, achieving annualised return on average assets and annualised return on weighted average equity of 0.60 per cent. and 7.04 per cent., respectively. As at 30 June 2024, the Group's NPL ratio was 1.47 per cent.

The Bank is headquartered in Beijing and has established an extensive business network, which included 41 tier-one branches (excluding the Hong Kong Branch) and 105 tier-two branches (including remote sub-branches), 2,461 business outlets of sub-branches, including 1,252 general sub-branches (including business departments), 1,070 community subbranches and 139 small business sub-branches, as at 30 June 2024. Through its network, the Bank provides a broad range of corporate and personal banking products and services. The Bank also conducts treasury operations for its own account and on behalf of its customers.

For the year ended 31 December 2023, the Group's total operating income was RMB137.4 billion, as compared with RMB139.2 billion for the year ended 31 December 2022, representing a decrease of 1.3 per cent. For the year ended 31 December 2023, operating income from the Group's corporate business, retail business and other business amounted to RMB68.3 billion, RMB62.3 billion and RMB6.7 billion, respectively, representing 49.7 per cent., 45.4 per cent. and 4.9 per cent., respectively, of the Group's total operating income for the same year.

For the six months ended 30 June 2024, the Group's total operating income was RMB65.6 billion, as compared with RMB69.9 billion for the six months ended 30 June 2023, representing a decrease of 6.1 per cent. For the six months ended 30 June 2024, operating income from the Group's corporate business, retail business and other business amounted to RMB31.8 billion, RMB30.0 billion and RMB3.8 billion, respectively, representing 48.5 per cent., 45.7 per cent. and 5.8 per cent., respectively, of the Group's total operating income for the same period.

Competitive Strengths

The Bank's principal strengths include:

- The first NSOE joint stock commercial bank in the PRC banking system;
- Broad customer coverage and comprehensive product offering with particular strength on private enterprises and small and micro enterprises;
- Accelerated digital transformation and pioneer in development of intelligent bank;
- Prudent and comprehensive risk management system enabling stable asset quality;
- Experienced senior management team, sound corporate governance and skilled workforce; and
- Model of practising ESG philosophy.

Business Strategies

The Bank aims to become a first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation.

2021-2025 is the strategic period for the Bank, which is divided into two development stages. The first stage (2021-2022) is the period to consolidate foundation, during which, the Bank has transformed the growth pattern by laying a sound foundation and consolidating the origins of businesses. The second stage (2023-2025) is the period of continuous growth, during which, the Bank will enhance its market competitiveness and achieve high-quality and sustainable development by strengthening capabilities and improving quality and effectiveness.

The Bank also aims to strategically position itself as a bank for the NSOEs, an agile and open bank and a bank with considerate services. In addition, the Bank continued to be focused on green development, actively promoted the layout of green finance, and gave play to the leverage effect of finance to facilitate the development of green economy, low-carbon economy and circular economy.

Recent Developments

The Bank recently published announcements dated 29 August 2024 and 30 August 2024 on the HKSE and Shanghai Stock Exchange regarding the proposed termination of appointment of PwC, the independent auditors of the Bank. For further information, please refer to the announcements published by the Bank.

SUMMARY FINANCIAL INFORMATION

The section entitled "Summary Financial Information" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The summary financial information as at and for the year ended 31 December 2021 set forth below has been extracted from the Group's audited consolidated financial statements as at and for the year ended 31 December 2022, and the summary financial information as at and for the years ended 31 December 2022 and 2023 set forth below has been extracted from the Group's audited consolidated financial statements as at and for the year ended 31 December 2023, each of which have been prepared in accordance with IFRS and audited by PricewaterhouseCoopers, independent auditors of the Group, in accordance with International Standards on Auditing issued by the IAASB.

Certain comparative data as at and for the year ended 31 December 2021 in the Group's audited consolidated financial statements as at and for the year ended 31 December 2022 have been restated to conform to the presentation and disclosure as at and for the year ended 31 December 2022 set out in the Group's audited consolidated financial statements as at and for the year ended 31 December 2022. Similarly, certain comparative data as at and for the year ended 31 December 2022 in the Group's audited consolidated financial statements as at and for the year ended 31 December 2023 have been restated to conform to the presentation and disclosure as at and for the year ended 31 December 2023 set out in the Group's audited consolidated financial statements as at and for the year ended 31 December 2023.

The summary financial information as at and for the years ended 31 December 2021, 2022 and 2023 set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited consolidated financial statements of the Group as at and for the years ended 31 December 2022 and 2023 and the relevant independent auditor's reports thereon, including the notes thereto, which are included elsewhere in the Original Offering Circular and this Supplemental Offering Circular.

The summary interim financial information as at 30 June 2024 and for the six months ended 30 June 2023 and 2024 has been extracted from the Interim Financial Statements included in the Group's published results announcement for the six months ended 30 June 2024 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The Interim Financial Statements (which include the comparative financial information as at 31 December 2023 and for the six months ended 30 June 2023) have not been audited and should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit, and should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2024. None of the Joint Lead Managers or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such interim financial information for an assessment of the Bank's or the Group's financial condition and results of operations. Potential investors should exercise caution when using such information to evaluate the Group's financial condition and results of operations.

The summary interim financial information as at 30 June 2024 and for the six months ended 30 June 2023 and 2024 set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant unaudited but reviewed condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2024, including the notes thereto, which are included elsewhere in this Supplemental Offering Circular.

Selected Financial Information

Consolidated Income Statements Data

	Year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023 (Unaudited)	2024 (Unaudited)
	(in millions of Renminbi, except per share amounts)				
Interest income	277,679	262,937	267,126	133,080	127,963
Interest expense	(151,904)	(155,474)	(164,695)	(81,746)	(79,381)
Net interest income	**125,775**	**107,463**	**102,431**	**51,334**	**48,582**
Fee and commission income	33,135	25,470	25,476	13,441	11,458
Fee and commission expense	(5,569)	(5,196)	(6,240)	(2,605)	(1,813)
Net fee and commission income	**27,566**	**20,274**	**19,236**	**10,836**	**9,645**
Net trading gain	3,110	4,690	4,748	2,848	4,001
Net gain from investment securities	7,346	4,357	8,529	3,609	1,854
Including: disposals of financial assets measured at amortised cost	744	2,202	1,795	850	1,024
Net other operating income	1,757	2,435	2,447	1,241	1,507
Operating expenses	(51,181)	(52,602)	(52,807)	(22,179)	(21,453)
Credit impairment losses	(77,398)	(48,762)	(45,707)	(22,210)	(20,551)
Other impairment losses	(1,375)	(685)	(1,519)	(732)	(109)
Profit before income tax	**35,600**	**37,170**	**37,358**	**24,747**	**23,476**
Income tax expense	(747)	(1,393)	(1,372)	(775)	(767)
Net profit	**34,853**	**35,777**	**35,986**	**23,972**	**22,709**
Net profit attributable to:					
Equity holders of the Bank	34,381	35,269	35,823	23,777	22,474
Non-controlling interests	472	508	163	195	235
Earnings per share (in Renminbi)					
Basic and diluted earnings per share	0.71	0.71	0.72	0.46	0.43

Consolidated Statements of Financial Position Data

	As at 31 December			As at 30 June
	2021	2022	2023	2024 (Unaudited)
	(in millions of Renminbi)			
Assets				
Cash and balances with central bank	361,302	338,552	390,367	289,136
Balances with banks and other financial institutions	92,546	88,705	129,678	66,046
Precious metals	13,189	25,167	28,285	30,851
Placements with banks and other financial institutions	158,768	182,434	172,778	177,130
Derivative financial assets	27,461	33,878	24,797	20,352
Financial assets held under resale agreements	1,362	3,010	35,773	21,163
Loans and advances to customers	3,967,679	4,072,982	4,323,908	4,364,821
Financial investment:				
– Financial assets at fair value through profit or loss	300,684	389,070	320,547	325,974
– Financial assets at fair value through other comprehensive income	435,529	473,211	420,571	422,092
– Financial assets measured at amortised cost	1,298,220	1,363,589	1,531,024	1,526,370
Long-term receivables	122,716	111,456	119,434	123,042
Property and equipment	56,786[1]	58,896	60,490	61,357
Right-of-use assets	14,105	13,146	13,279	12,869
Deferred income tax assets	51,904	55,701	54,592	57,831
Investments in associates	2	–	–	–
Other assets	50,533[1]	45,876	49,442	51,979
Total assets	**6,952,786**	**7,255,673**	**7,674,965**	**7,551,013**
Liabilities				
Borrowings from central bank	279,787	144,801	326,454	296,279
Deposits and placements from banks and other financial institutions	1,294,358	1,479,041	1,242,059	1,182,301
Financial liabilities at fair value through profit or loss	2,856	1,915	35,827	57,874
Borrowings from banks and other financial institutions	114,461	105,229	115,715	118,851
Derivative financial liabilities	26,114	32,675	29,276	24,748
Financial assets sold under repurchase agreements	36,485	104,140	191,133	176,274
Deposits from customers	3,825,693	4,051,592	4,353,281	4,137,534
Lease liabilities	10,225	9,426	9,560	9,322
Provisions	2,250	2,456	1,787	1,481
Debt securities issued	711,024	648,107	675,826	855,678
Current income tax liabilities	8,811	5,040	1,392	3,235
Deferred income tax liabilities	247	236	214	229
Other liabilities	53,936	58,201	54,640	77,565
Total liabilities	**6,366,247**	**6,642,859**	**7,037,164**	**6,941,371**

	As at 31 December			As at 30 June
	2021	2022	2023	2024 (Unaudited)
	(in millions of Renminbi)			
Equity				
Share capital	43,782	43,782	43,782	43,782
Other equity instruments	89,964	94,962	94,962	55,000
Including:				
Preference shares	19,975	19,975	19,975	20,000
Perpetual bonds	69,989	74,987	74,987	35,000
Capital reserve	58,149	58,149	58,149	58,111
Other reserves	385	(612)	2,022	3,992
Surplus reserve	51,843	55,276	58,805	58,805
General reserve	87,013	90,494	95,237	95,391
Retained earnings	243,144	257,877	271,645	281,060
Total equity attributable to equity holders of the Bank	574,280	599,928	624,602	596,141
Non-controlling interests	12,259	12,886	13,199	13,501
Total equity	**586,539**	**612,814**	**637,801**	**609,642**
Total liabilities and equity	**6,952,786**	**7,255,673**	**7,674,965**	**7,551,013**

(1) These items have been restated to conform to the presentation and disclosure as at and for the year ended 31 December 2022 set out in the Group's audited consolidated financial statements as at and for the year ended 31 December 2022.

Selected Consolidated Statements of Cash Flows Data

	Year ended 31 December			For the six months ended 30 June	
	2021	2022	2023	2023 (Unaudited)	2024 (Unaudited)
	(in millions of Renminbi)				
Net cash flow from operating activities	155,417	166,273	73,676	108,631	(283,843)
Net cash flow from investing activities	117,908	(112,327)	41,764	(2,693)	34,359
Net cash flow from financing activities	(266,720)	(96,205)	(7,260)	(41,417)	125,005

Selected Financial Ratios

	Year ended/as at 31 December			For the six months ended/ as at 30 June
	2021	2022	2023	2024
	(unaudited, in per cent., except ratios)			
CARs calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional)				
Core tier 1 CAR	9.04	9.17	9.28	9.35
Tier 1 CAR	10.73	10.91	10.95	10.32
CAR	13.64	13.14	13.14	12.30
Assets quality indicators				
NPL ratio(1)	1.79	1.68	1.48	1.47
Allowance to NPLs(2)	145.30	142.49	149.69	149.26
Allowance to total loans(3)	2.60	2.39	2.22	2.19
Profitability indicators				
Net interest margin(4)(11)	1.91	1.60	1.46	1.38
Return on average assets(5)(11)	0.50	0.50	0.48	0.60
Return on weighted average equity(6)(11)	6.59	6.31	6.10	7.04
Cost-to-income ratio(7)	29.74	36.44	37.00	31.36
Net fee and commission income to operating income ratio(8)	16.65	14.56	14.00	14.71
Liquidity indicators				
Liquidity ratio (RMB and foreign currencies)(9)	47.06	51.30	66.63	68.05
Liquidity coverage ratio(10)	133.42	134.89	146.06	140.61

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

(2)(3) Allowance to NPLs and allowance to total loans were calculated according to Notice on the Regulatory Requirement on Adjustment to Allowance for Impairment Losses on Loans of Commercial Banks (《關於調整商業銀行貸款損失準備監管要求的通知》) (Yin Jian Fa [2018] No. 7) promulgated by the former CBIRC. Allowance to NPLs = allowance for impairment losses on loans/total NPLs; allowance to total loans = allowance for impairment losses on loans/total loans and advances to customers.

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

(5) Calculated based on net profit divided by the average of the opening and closing balance of total assets.

(6) Calculated according to the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號–淨資產收益率和每股收益的計算及披露》(2010年修訂)) promulgated by the CSRC.

(7) Calculated based on operating and other operating expenses minus business tax and surcharges and then divided by operating income.

(8) Calculated based on net fee and commission income divided by operating income.

(9) Bank standalone basis. The indicators were calculated based on the relevant regulations of the Chinese banking regulators.

(10) Calculated in accordance with the formula promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP.

(11) The data as at 30 June 2024 was the annualised data.

RISK FACTORS

The section entitled "Risk Factors" in the Original Offering Circular (except for sections entitled "Risk relating to the Notes issued under the Programme", "Risks relating to the structure of a particular issue of Notes", "Risks relating to the market generally" and "Risks relating to Renminbi-denominated Notes") shall be deleted in its entirety and replaced with the following:

An investment in the Notes is subject to significant risks. Investors should carefully consider all of the information in this Supplemental Offering Circular and the Original Offering Circular and, in particular, the risks described below. The following factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Bank or which the Bank currently deem to be immaterial, may affect the Group's *business, financial condition or results of operations or the Issuer*'s *ability to fulfil its obligations under the Notes.*

RISKS RELATING TO THE GROUP'S LOAN PORTFOLIO

The Group may have to increase its allowance for impairment losses to cover future actual losses and estimated losses to its loan portfolio.

The Group provides for an allowance for impairment losses on loans to customers. As at 31 December 2021, 2022 and 2023, and as at 30 June 2024, the Group's total allowance for impairment losses was RMB103,806 million, RMB97,639 million and RMB96,793 million, and RMB96,201 million, and the percentage of the allowance to total loans was 2.60 per cent., 2.39 per cent. and 2.22 per cent., and 2.19 per cent., respectively. For the year ended 31 December 2023, the Group's impairment losses on credit decreased to RMB45,707 million by 6.27 per cent. from RMB48,762 million for the year ended 31 December 2022, which was primarily due to the decreases in impairment losses on loans and advances to customers and long-term receivables. For the six months ended 30 June 2024, the impairment losses on credit of the Group amounted to RMB20,551 million, representing a decrease of RMB1,659 million, or 7.47 per cent., as compared with that in the corresponding period in 2024. See also "*Risks relating to the Global and PRC Economy – Uncertainties in the global economy and, in particular, the PRC economy and the financial market could materially and adversely affect the Group*'s *financial condition and results of operations*". The amount of the allowance for impairment losses is based on the assessment of various factors affecting the quality of loan portfolio under the applicable regulations and accounting standards including, amongst other things, borrowers' operational and financial conditions, repayment ability, repayment intention, the realisable value of any collateral or securities and the ability of the guarantors of borrowers to fulfil their obligations, as well as China's economic, legal and regulatory environments. Many of these factors are beyond the control of the Group, and therefore assessment and expectations of such factors may differ from actual future developments. Furthermore, the adequacy and sufficiency of allowance for impairment losses may be affected by the limitations of skills in and systems for assessing impairment losses as well as the Group's ability to accurately collect, process and analyse relevant information and data.

If the assessment of, or expectations concerning, the factors that affect the quality of its loan portfolio differs from actual developments or if the quality of its loan portfolio deteriorates, the allowance for impairment losses may not adequately cover the Group's actual losses, and the Group may need to make additional provisions for impairment losses. In addition, the allowance for impairment losses may increase as a result of future regulatory and accounting policy changes, inaccuracies in loan classification or conservative policy for providing for allowance for impairment losses. Any of the above may significantly reduce the profitability of the Group and materially and adversely affect its business, financial condition, results of operations and prospects.

If the Group is unable to effectively maintain the quality of the loan portfolio and the new loans the Group extends in the future, its business could be materially and adversely affected.

The Group's results of operations could be materially and adversely affected by deterioration in the quality of its loan portfolio or other assets. Risks arising from the Group's trading and investment activities and from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. The Group's non-performing loan ("**NPL**") ratios were 1.79 per cent., 1.68 per cent. and 1.48 per cent., and 1.47 per cent. as at 31 December 2021, 2022 and 2023, and as at 30 June 2024, respectively. The Group's special-mention loans constituted 2.85 per cent., 2.89 per cent., and 2.70 per cent., and 2.78 per cent. of its gross loans and advances to customers as at 31 December 2021, 2022 and 2023, and as at 30 June 2024, respectively. The Group's impaired restructured loans and advances which were not past due or past due for no more than 90 days represented 0.14 per cent., 0.09 per cent. and 0.23 per cent., and 0.35 per cent. of its total loans and advances to customers as at 31 December 2021, 2022 and 2023, and as at 30 June 2024, respectively.

The Group may not be able to effectively control the level of impaired loans in the current loan portfolio or effectively control the level of new loans that may become impaired in the future. In particular, the amount of the impaired loans may increase in the future due to the substantial increase in new loans over the recent years and/or a deterioration in the quality of the loan portfolio. The Group's total loans and advances to customers have increased from RMB4,045.692 billion as at 31 December 2021 to RMB4,141.144 billion as at 31 December 2022, to RMB4,384.877 billion as at 31 December 2023, and further to RMB4,423.227 billion as at 30 June 2024, while impaired loans were fluctuating at the same time, amounting to RMB80,329 million, RMB79,139 million, RMB86,020 and RMB87,135 million as at the same dates, respectively. Allowance for impairment losses on loans decreased by 0.6 per cent. from RMB97,444 million as at 31 December 2023 to RMB96,868 million as at 30 June 2024. See also "*Risks relating to the Global and PRC Economy – Uncertainties in the global economy and, in particular, the PRC economy and the financial market could materially and adversely affect the Group*'s *financial condition and results of operations*".

Deterioration in the quality of the loan portfolio or other assets may occur for a variety of reasons, many of which are beyond the Group's control, such as a slowdown in growth of the PRC or global economies due to a relapse of a global credit crisis and other adverse macroeconomic trends in the PRC and other parts of the world, which may cause operational, financial and liquidity problems for the borrowers as well as materially and adversely affect their ability to service their outstanding debt. Actual or perceived failure or worsening credit of counterparties, declines in residential and commercial property prices, higher unemployment rates and reduced profitability of corporate borrowers may reduce the Group's asset quality and may lead to a significant increase for the allowance in the impaired loans. There is no assurance that the quality of its loan portfolio will not deteriorate. If the Group is unable to effectively maintain the quality of its loan portfolio due to the above reasons, the level of the impaired loans, non- performing loans and allowance for impairment losses on loans may increase, which may materially and adversely affect its business, financial condition and results of operations.

A large portion of the Group's loan portfolio is made to corporate customers in certain industries, and any economic downturn impacting such industries or customers could materially and adversely affect the Group's business.

The Group's loans to corporate customers are concentrated in industries that the Group believes have strong growth potential and are important to the business. As at 30 June 2024, the Group's corporate loans represented 60.4 per cent. of its total loans. As at 30 June 2024, the Group's loans to borrowers in the leasing and commercial services, manufacturing, real estate, and wholesale and retail sectors were approximately 20.6 per cent., 18.9 per cent., 12.7 per cent. and 11.3 per cent. of the Group's corporate loans, respectively. Any deterioration of the manufacturing or real estate industries, or other above-mentioned industries in the PRC as a result of the global and PRC economic downturn or the PRC government's macroeconomic control measures relating to the manufacturing or real estate industries or the relevant industries may have an adverse impact on the value of loans made to these customers.

For example, the PRC government has in recent years, from time to time, imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of the Group's loans to the real estate industry and its financial condition and results of operations. Moreover, deterioration in the financial condition of the borrowers in any of the aforementioned industries, as well as any industry-specific difficulties in these sectors, could materially and adversely affect the quality of the existing loans and the Group's ability to generate new loans, and could have a material adverse effect on its business, financial condition and results of operations.

As at 30 June 2024, the corporate NPLs of the Group were mainly concentrated in real estate, manufacturing and leasing and commercial services. Total NPLs of the three major industries amounted to RMB27,750 million, accounting for 78.68 per cent. of total corporate NPLs. The decrease of corporate NPLs from RMB38,242 million as at 31 December 2023 to RMB35,268 million as at 30 June 2024 was mainly due to the balances of NPLs of the leasing and commercial services industry, wholesale and retail industry and the construction industry decreased by RMB2,628 million, RMB1,044 million and RMB495 million, respectively, as compared with that as at 31 December 2023. As at 30 June 2024, the NPL ratio of corporate real estate business of the Group was 5.29 per cent., representing an increase of 0.37 per cent. as compared with that as at 31 December 2023. There is no assurance that the macro-economic and micro-economic environment would not continue to impact on the above-mentioned industries, and if the Group's corporate customers in these industries fail to cope with the adverse impact or to maintain their market competitiveness, the quality of the Group's loans will be materially adversely affected.

A large portion of the Group's personal loans and advances consist of micro-lending, and any economic downturn impacting such customers could materially and adversely affect the Group's business.

A large portion of the Group's personal loans and advances consists of micro-lending, which is targeted at micro enterprise owners and proprietors. The outstanding balance of the Group's micro-lending was RMB577.3 billion, RMB621.6 billion and RMB651.8 billion, and RMB650.7 billion as at 31 December 2021, 2022 and 2023, and as at 30 June 2024, respectively, representing 33.2 per cent., 35.7 per cent., 36.9 per cent. and 37.2 per cent., of the Group's total personal loans and advances as at the same dates, respectively. Any deterioration in the operation of these micro businesses as a result of economic slowdown, deflation or inflation and changes in labour market conditions could materially and adversely affect the quality of the existing loans, and could have a material adverse effect on its business, financial condition and results of operations.

The Bank's loans to certain local government financing vehicles ("LGFVs") may subject the Bank to conditions and risks beyond the Bank's control.

LGFVs are legal entities established by local government, mainly to provide ministerial financing or third party financing to municipal infrastructural constructions. The funds raised by LGFVs are primarily used for infrastructure construction and development.

Recently, with the aim of reinforcing the risk management of loans to LGFVs, the PRC State Council, the NAFR and the PBOC, along with several other PRC regulatory authorities promulgated a series of notices, guidelines and other regulatory documents to direct PRC banks and other financial institutions to optimise and strengthen their risk management measures regarding their loans to LGFVs. Pursuant to applicable laws and regulations, unless otherwise provided by law and the State Council, local governments and their departments, organisations, and institutions that are funded primarily by fiscal budget are not permitted to use fiscal income or the state-owned assets of administrative institutions to provide guarantee, or otherwise directly or indirectly provide any form of security, for fund-raising by LGFVs. In addition, the projects run by LGFVs are carried out primarily for public interest purposes and are not necessarily commercially viable. As a result, the ability of an LGFV borrower to repay its loans may significantly depend on its ability to receive fiscal support from the government, which may not always be available due to the government's liquidity, budgeting priories and general economic environment, amongst other things.

Further, there is no guarantee that the quality of the Bank's loans to these LGFVs will not be affected by macro-economic fluctuations, changes to national economic policies, the management of construction projects and other external reasons. If the level of the Group's impaired loans increases, its business, financial condition and results of operations may be materially and adversely affected.

The Bank's interbank lending activities and asset purchasing activities amongst the commercial banks are subject to PBOC regulations.

PBOC regulates the interbank lending activities and asset purchasing activities amongst the commercial banks through market-entry authorisation. As at 30 June 2024, the Group's placements with banks and other financial institutions amounted to RMB177.1 billion and financial assets held under resale agreements amounted to RMB21.2 billion, accounting for 2.3 per cent. and 0.3 per cent. of its total assets, respectively. As at 30 June 2024, the Group's deposits and placements from banks and other financial institutions amounted to RMB1,182.3 billion and the financial assets sold under repurchase agreements amounted to RMB176.3 billion, accounting for 17.0 per cent. and 2.5 per cent. of its total liabilities, respectively. According to the Notice on Regulating the Interbank Business of Financial Institutions (關於規範金融機構同業業務的通知) jointly issued by PBOC, CBRC, CSRC, CIRC and SAFE on 24 April 2014, the net balance of interbank lending of a commercial bank to a single incorporated financial institution (excluding interbank deposits for settlement purposes), after deducting assets with zero risk weight, shall not exceed 50 per cent. of tier-one capital. The balance of interbank borrowing shall not exceed one third of its total liabilities. If the macro or micro environment of the interbank markets changes and the banks or other financial institutions cannot repay the Group of its loans or interests of the loans, the business, financial condition and results of operations of the Group may be materially and adversely affected.

The wealth management products that the Group distributes involve various risks and the Group's failure to identify or fully appreciate such risks will negatively affect its reputation, client relationships, operations and prospects.

The Group distributes a broad variety of wealth management products supplied by third party product providers, including fixed income products, private equity products, investment in funds focusing on publicly traded stocks and investment linked insurance products. The Group's wealth management products often have complex structures and involve various risks, including default risks, interest risks, liquidity risks and other risks. The Group's success in distributing these products depends, in part, on its successful identification and full appreciation of risks associated with such products. If it fails to identify and fully appreciate the risks associated with products it distributes to its clients, or fails to disclose such risks to its clients, and as a result its clients suffer financial loss or other damages resulting from their purchase of the wealth management products following the Group's wealth management and product recommendations and services, the Group's reputation, client relationships, business and prospects will be materially and adversely affected.

Furthermore, the wealth management products of the Group are subject to a number of PRC regulations, including, amongst other things, the following regulations:

- in relation to strengthening the supervision and administration of the wealth management business of commercial banks, promoting the standard and sound development of the wealth management business of commercial banks and protecting the lawful rights and interests of investors, the Measures for the Supervision and Administration of the Wealth Management Business of Commercial Banks (商業銀行理財業務監督管理辦法);

- in relation to the granting of permission to duly licenced commercial banks to make overseas investments using funds from investors in pre-approved financial products on behalf of domestic institutions and individuals, the Interim Administrative Measures for Commercial Banks to Provide Overseas Financial Management Services (商業銀行開辦代客境外理財業務管理暫行辦法); and

- in relation to strengthening the supervision and administration of wealth management subsidiary companies of commercial banks and protecting the lawful rights and interests of investors, Measures for the Administration of Wealth Management Subsidiary Companies of Commercial Banks (商業銀行理財子公司管理辦法).

Should the Group fail to comply with the relevant wealth management regulations, the Group may be subject to legal proceedings which will in turn materially and adversely affect the Group's reputation, client relationships, business and prospects.

The collateral or guarantees securing the Group's loans may not be sufficient, and the Group may be unable to realise the value of the collateral or guarantees in a timely manner or at all.

As at 30 June 2024, 70.7 per cent. of the Group's loans were secured by collateral or guarantees. A substantial portion of the Group's loans were secured by real estate and other tangible assets (other than monetary assets) in the PRC, the value of which may fluctuate and decline due to various factors, including those affecting the PRC economy in general. For example, a slowdown in the PRC economy may lead to a downturn in the real estate market, which may in turn result in declines in the value of the real estate properties securing the Group's loans to levels below the outstanding principal balance of such loans. Moreover, the growth of the real estate industry and price of real estate properties in the PRC are significantly influenced by macroeconomic policies of the government, such as interest rate and credit policies. The Group mainly relies on internal periodical re-evaluations of collateral for impairment testing purposes, rather than periodic re-evaluations by independent appraisers. This in turn could affect the accurate assessment of the values of collateral. Should the Group's collateral prove to be insufficient to cover the related loans, the Group may have to obtain additional collateral from the borrowers and there is no assurance that the Group could obtain such additional collateral on time or at all. Declines in the price of the Group's collateral or its inability to obtain additional collateral may result in loan impairment and require it to make additional provisions for loan impairment, and may materially and adversely affect the Group's business, financial condition and results of operations.

The loan classification and provisioning policies for impairment losses of the Group may differ in some respects from those applicable to commercial banks in certain other countries or regions.

The Group classifies its loans using a five-category loan classification system in accordance with the guidelines set forth by the PRC regulators. The five categories are pass, special-mention, substandard, doubtful and loss. In addition, the Group reviews its loan portfolios to assess impairment regularly. In determining whether a provision for loan impairments should be recorded in the income statement, the Group evaluates whether there is any observable data indicating that there is a decrease in the estimated future cash flow from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults of borrowers. The loan classification and provisioning policies for impairment losses of the Group may differ in some respects from those applicable to banks in other countries or regions. As a result, disclosure of the Group's loan classification and provisioning policies may be different from those disclosed by the banks incorporated in other countries or regions.

The Group is exposed to risks due to its investments in loans and receivables.

The Group's financial assets include investments in loans and receivables. The underlying assets mainly include wealth management products, trusts and other asset management plans. There is no assurance that there is sufficient transparency with respect to the underlying assets, and the Group is exposed to risks relating to this lack of transparency.

In addition, whilst the Group has made provisions to cover the potential risks of its investments in receivables, the Group determines the amount of the provisions based on its assessment of various factors affecting the quality of the receivables, many of which are beyond the Group's control, and the Group's assessment and expectation of these factors may differ from their future development.

The adequacy of the Group's provisions for investments in receivables depends on the reliability and effectiveness of its systems for evaluating the potential losses and its ability to collect, process and analyse information. If the Group is not able to fully apply these systems, or its ability to collect, process and analyse information is impaired, or its assessments and expectations of the factors affecting the quality of the receivables differ from their actual developments, the provisions the Group made for these loans and receivables may be inadequate to cover the actual losses. The Group's business, financial condition, results of operations and prospects may therefore be materially and adversely affected.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group may not be able to satisfy the capital adequacy requirements established by the NAFR (formerly the CBIRC).

The Group is subject to capital adequacy guidelines set by the NAFR. The CBRC promulgated the Measures on Capital Management of Commercial Banks (Trial) (商業銀行資本管理辦法(試行)) (the "**Capital Management Rules**") on 7 June 2012 based on the reform of the banking industry and the existing regulatory framework of the PRC. The Capital Management Rules establish a unified regulatory system in respect of the capital adequacy ratio, clarify the definition of capital, expand the range of capital risk coverage, raise the bottom line for the capital adequacy ratio and set a six-year transition period (from 2013 to 2018) for banks to comply with capital adequacy ratio requirements. On 26 October 2023, the NAFR promulgated the new Measures on Capital Management of Commercial Banks (商業銀行資本管理辦法) which became effective from 1 January 2024. As a result, the Bank is required to maintain a minimum core tier one capital adequacy of five per cent., a minimum tier one capital adequacy of six per cent., a minimum capital adequacy of eight per cent and a minimum capital conservation buffer of 2.5 per cent. In addition, each domestic systemically important bank in the PRC is required to maintain a further capital surcharge above prevailing Core Tier 1 Capital requirements as separately stipulated by the PBOC in conjunction with the NAFR. According to Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation) (系統重要性銀行附加監管規定(試行)), as one of the domestic systemically important banks, the Bank is currently required to maintain certain additional capital requirements in addition to prevailing minimum capital requirements. NAFR may further increase the minimum capital adequacy requirements or change the methodology for calculating regulatory capital or capital adequacy ratios, or the Group may otherwise be subject to new capital adequacy requirements or new capital measurement approaches, such as advanced capital measurement approach. The Group's inability to maintain these capital adequacy ratios may result in the NAFR taking corrective measures against the Group, including restricting its ability to distribute cash dividends and/or open new branches, which may affect the Group's business expansion or otherwise materially and adversely affect its business.

The Group's capital adequacy could be negatively affected by deterioration in the Group's financial condition, including an increase in the level of its impaired loans, or if its growth places capital demands in excess of what the Group is able to generate internally or raise in the capital markets or through alternative means. As at 31 December 2021, 2022 and 2023, and as at 30 June 2024, the Group's Core Tier 1 Capital Adequacy Ratio was 9.04 per cent., 9.17 per cent. and 9.28 per cent., and 9.35 per cent., respectively, and the Group's Tier 1 Capital Adequacy Ratio was 10.73 per cent., 10.91 per cent. and 10.95 per cent., and 10.32 per cent., respectively, and the Group's Capital Adequacy Ratio was 13.64 per cent., 13.14 per cent. and 13.14 per cent., and 12.30 per cent., respectively, all calculated in accordance with and complying with the relevant laws and regulations at such dates.

Moreover, there is no assurance that the Group's capital will not be affected in the future by incidents that will prevent the Group from satisfying the current capital adequacy requirements, including but not limited to:

- increase of its risk-weighted assets as a result of the rapid expansion of its business;
- its inability to timely supplement or increase the Group's capital;
- losses resulting from deterioration in asset quality;
- changes in accounting rules or in the guidelines regarding the calculation of the capital adequacy ratios of commercial banks; and
- changes in definition of systemically important banks by the relevant regulator which may increase minimum capital adequacy requirements that the Group should satisfy.

Furthermore, the Group's ability to raise additional capital in the future may be limited by numerous factors, including but not limited to:

- its future financial condition, results of operations and cash flows;
- conditions prescribed by PRC law and regulatory approvals;
- its credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

If the Group requires additional capital in the future, the Group may not be able to obtain such capital in a timely manner or at all. The Group may face difficulties in meeting these requirements in the future. If the Group is unable to meet the capital adequacy requirements for any reason, such as its inability to secure additional capital or an increase to the capital adequacy requirements by the relevant regulator, such regulator may take corrective measures against the Group. These measures could materially and adversely affect the Group's reputation, financial condition and results of operations.

The Group may not be able to successfully maintain growth or otherwise obtain sufficient resources to support such growth.

In the past several years, the Group has managed to secure robust compound annual growth rates of total deposits from customers and net profit. However, such growth has been and will continue to be affected by macroeconomic factors affecting the PRC such as GDP growth, changes in law or regulations concerning banking and financial products, changes in implementation of macroeconomic control policies, changes to inflation levels, changes in market liquidity and credit policies, changes in demand for loans, changes to interest rates and competition. Though for the year ended 31 December 2023, the Group recorded increased net profit of RMB35,986 million from last year's 35,777 million, for the six months ended 30 June 2024, the Group had a net profit of RMB22,709 million, representing a decrease of 5.3 per cent. as compared to RMB23,972 million for the six months ended 30 June 2023. See also "*Description of the Bank – Overview*". The Group may not be able to successfully maintain its growth rates due to an unfavourable change in one or more of the above factors or other factors, which may materially and adversely affect the Group's financial condition and results of operations. As a result, there is no assurance the Group will be able to maintain the rapid growth it has historically experienced.

In addition, the maintenance of the Group's growth will continue to require substantial managerial and operational resources. The Group may not be able to retain and attract qualified personnel to satisfy the growth needs. See "*– The Group may not be able to hire, train or retain a sufficient number of qualified staff.*" The Group may also need additional capital in the future, and it may not be able to obtain such capital on acceptable terms to support its business development. Any occurrences of the above factors may materially and adversely affect its business, financial condition and results of operation.

If the Group is unable to maintain its growth rate in customer deposits or if there is a significant decrease in its customer deposits, the Group's business operations and its liquidity may be adversely affected.

Customer deposits remain the Group's primary funding source. From 31 December 2021 to 31 December 2023, the Group's total deposits from customers (excluding accrued interest) grew from RMB3,775.8 billion to RMB4,283.0 billion, which declined to RMB4,064.7 billion as at 30 June 2024. There are many factors affecting the growth of deposits, some of which are beyond the Group's control, such as economic and political conditions, the availability of alternative investment choices and retail customers' changing perceptions toward savings. As a result, there is no assurance that the Group will be able to grow its customer deposits at a pace sufficient to support its expanding business.

If the Group is unable to maintain the growth rate or growth in deposits from customers or if a substantial portion of the depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Group may need to seek more expensive sources of funding to meet its funding requirements. In case of such events, the Group's liquidity position, financial condition and results of operations may be materially and adversely affected.

If the Group's asset quality declines or it experiences greater loan losses than anticipated, the earnings and overall financial condition of the Group will be adversely affected even further.

The Group's assets are primarily comprised of loans. The risk of credit losses on loans varies depending on, amongst other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralised loan, the value and marketability of the collateral for the loan. In addition, the Group also carries the risk of non-payment of loans, which has a significant adverse effect on its earnings and overall financial condition. As at 30 June 2024, the Group's allowance to total loans was 2.19 per cent. and the NPL ratio was 1.47 per cent.

To minimise the likelihood of a substandard loan portfolio, the Group assesses the credit worthiness of customers and performs collateral valuations. The management of the Bank also maintains an allowance for loan losses based upon, amongst other things, historical experience and an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, the management of the Bank makes various assumptions and judgements about the repayment probability of the loan portfolio and provides an allowance for loan losses based upon a percentage of the outstanding balances and takes a charge against earnings with respect to specific loans when their repayment probability is considered questionable. If such assumptions and judgements prove to be incorrect and the allowance for loan losses is inadequate to absorb losses, or if regulatory authorities require the Bank to increase its allowance for loan losses as a part of their examination process, additional provision expense would be incurred and the earnings and capital of the Bank could be significantly and adversely affected.

There is no assurance that various cost control strategies and measures of the Group will be continually and effectively implemented in the future and achieve their expected effects.

For the years ended 31 December 2021, 2022 and 2023, and for the six months ended 30 June 2023 and 2024, the Group's cost-to-income ratio[1] was 29.74 per cent., 36.44 per cent. and 37.00 per cent., and 30.25 per cent. and 31.36 per cent., respectively. There is no assurance that various cost control strategies and measures of the Group will continue to be effectively implemented in the future. In addition, the Group may not be able to adjust its cost control strategies and measures to respond to changes in the macroenvironment or to support its business development in a timely manner, or at all. If expected effects of such strategies and measures cannot be achieved, the Group's operating costs may increase, which may in turn adversely affect the financial condition and results of operations of the Group.

The Group may not be able to detect and prevent fraud, corruption or other misconduct committed by its employees or third parties.

The Group is exposed to fraud, corruption or other misconduct committed by its employees, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities as well as seriously harming its reputation. The Group's management information systems and internal control procedures are designed to monitor its operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud, corruption and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. Therefore, there will continue to be the risk that fraud, corruption and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on the Group's business reputation, financial condition and results of operations.

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

Any deficiencies in the Group's risk management and internal control system may adversely affect the Group's financial condition and results of operations.

With the expansion of its businesses, products and services, the Group may face significant challenges in risk management and may need to further improve its risk management system. As at 30 June 2024, total NPLs of the Group amounted to RMB64,899 million, representing a decrease of 0.3 per cent. from RMB65,097 million as at 31 December 2023. As at 30 June 2024, the NPL ratio was 1.47 per cent., representing a decrease of 0.01 percent point. as compared to 1.48 per cent. as at 31 December 2023. As at 30 June 2024, the allowance for impairment losses on loans was RMB96,868 million, representing a decrease of 0.6 per cent. from RMB97,444 million as at 31 December 2023. The Group has adopted measures, policies and procedures to improve its risk management and internal control system and strengthen consolidated balance sheet risk management. However, such measures, policies and procedures may not be effective in managing the relevant risks. As a result, the Group's risk management and internal control system may need to be improved. Any deficiencies in the Group's risk management system may affect the Group's ability to respond to these risks in a timely manner. If the risk management system of the Group is unable to effectively manage relevant risks, or if the Group fails to effectively enforce, follow or continue to improve its credit risk management policies and guidelines, its financial condition and results of operations may be adversely affected.

The Group will be exposed to various risks as it expands its range of products and services.

The Group has expanded and will continue to expand its products and services to its customers. The expansion of the range of products and services has and will expose the Group to new and potentially increasingly challenging risks, including without limited to the following:

- the Group may have insufficient experience or expertise in certain new products and services, which may, amongst other things, lead to insufficient disclosure of all risks associated with the products and services to its customers;

- the Group may be unable to provide customers with sufficient customer service for new products and services, including the handling of customer complaints;

- the Group's new products and services may not be accepted by its customers, or meet its profitability expectations;

- the Group's new products and services may be duplicated by its competitors;

- the Group may need to hire additional qualified personnel but be unable to do so;

- the Group may be unable to obtain or maintain regulatory approval for its new products and services; and

- the Group may not be successful in enhancing its risk management capabilities or information technology systems to support a broader range of products and services.

If the Group is unable to achieve the intended commercial results with respect to its new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected. Furthermore, if the Group is unable to provide sufficient information to its customers or otherwise comply with relevant banking regulations in the sales and marketing of its financial products and services, the Group may be subject to legal proceedings or regulatory sanctions, which in turn could lead to significant financial losses and reputational damage.

Failure by the Bank to meet its environmental, social and governance ("ESG") or corporate social responsibility ("CSR") goals may have an adverse effect on the Bank's performance.

The Bank takes its corporate social responsibilities seriously and seeks to serve the public, promote the people's livelihoods, and become a time-honored bank. Committed to establishing a high-level ESG management system, the Bank constantly improved its ESG governance structure, strengthened the implementation of ESG philosophies and innovated ESG practices to fully integrate ESG into corporate governance and operation management, so as to continuously improve the level of ESG management. The Bank also paid great attention to environmental protection and climate change, actively responded to the national initiative of building a beautiful China and China's goal of peaking carbon dioxide emissions before 2030 and reaching carbon neutrality before 2060, and has proactively identified the potential risks and opportunities brought by the national "Carbon Peaking and Carbon Neutrality" policies, promoted the implementation of the green finance development strategy, and supported a green, low-carbon and circular economy. The Bank attaches great importance to the strategies related to green development, and has focused green finance and ESG management as an important part and direction in its five-year development plan.

Furthermore, the Bank also publishes its Environmental, Social and Governance Report and Corporate Social Responsibility Report annually, which set out the Bank's implementation strategies and goals (such as energy saving and carbon reduction goals, waste reduction goals and water saving goals) and proposed business processes and standards, with respect to ESG and CSR. Any failure by the Bank to meet any of the strategies, goals, processes and standards mentioned above, or any failure by the Bank to satisfy investor or other stakeholder expectations or standards in the execution of its ESG and/or CSR strategies, may affect the Bank's current and future business performance, results of operations and reputation. These may in turn negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

The Group is subject to counterparty risks in its derivative transactions.

The Group acts primarily as an intermediary in domestic and international foreign exchange and derivatives markets, and the Group currently has foreign currency forward and swap arrangements with a number of domestic and international banks, financial institutions and other entities. The Group has also entered into interest rate swap arrangements and is subject to counterparty risks. There is no assurance that counterparties with significant exposures will not face difficulty in paying the amounts on derivative contracts when due, which may result in financial losses to the Group.

The Group is subject to risks associated with off-balance-sheet commitments.

In the ordinary course of business, the Group makes commitments and guarantees that are not reflected on its balance sheet, including the provision of financial guarantees and letters of credit to guarantee the performance of its customers to third parties and bank acceptances. The Group is subject to credit exposure associated with its credit commitments. If the Group is not able to obtain payment from its customers in respect of these commitments and guarantees, the Group's financial condition and results of operations may be adversely affected.

The Group is subject to supervision and inspection of regulators in jurisdictions where it operates.

The Group is subject to supervision and inspection by the PRC's regulatory institutions, including MOF, PBOC, NAFR, CSRC, SAT, the State Administration for Market Regulation (國家市場監督管理總局), SAFE, the National Audit Office and the Asset Management Association of China (中國證券投資基金業協會) (the "**AMAC**"). Furthermore, the Group is also subject to inspection and supervision of regulatory institutions in locations where it operates. The Group must follow local laws, regulations and regulatory requirements of relevant local regulatory institutions. The Bank and its subsidiaries, as well as directors, officers or employees, have been subject to regulatory censure as may be announced by the Bank from time to time and there can be no assurance that the Bank and its subsidiaries will be able to comply with the applicable laws and regulatory requirements at all times. Any failure of the Group to comply with these requirements may result in fines, penalties or sanctions. There is no assurance that any failure to comply with applicable laws and regulations or any fines, penalties or sanctions in connection with such failure will not, materially and adversely affect its operations, reputation, business, financial position and results of operations of the Group.

The Group may not be able to hire, train or retain a sufficient number of qualified staff.

The Group relies upon the continued service and performance of its employees, including its senior management, as most aspects of its business depend on the quality of its professional staff. Therefore, the Group devotes considerable resources to recruiting and training these personnel. However, the Group faces increased competition in recruiting and retaining these individuals, including its senior management, as other banks are competing for the same pool of potential employees. In addition, the Group's employees may resign at any time and may seek to divert customer relationships that they have developed while working for the Group. Some of the Group's employees are not subject to long-term employment contracts. There is no assurance that the Group will be able to retain or recruit qualified staff, or that competition in recruitment will not lead to increases in its employment costs. The loss of members of the Group's senior management team or other key personnel may have a material adverse effect on the Group's business and results of operations.

The Group's business is highly dependent on the proper functioning and improvement of its information technology systems.

The Group's business is highly dependent on the ability of its information technology systems to accurately process a large number of transactions across numerous and diverse markets and its broad range of products in a timely manner. The proper functioning of the Group's financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks between its various branches and sub-branches and its main data warehouse, are critical to the Group's business and its ability to compete effectively. The Group has established back-up centres to carry on principal functions in the event of a catastrophe or a failure of its systems. However, there is no assurance that the Group's operations will not be materially disrupted if any of its systems fail, which could be caused by, amongst other things, software bugs, computer virus attacks or conversion errors due to system upgrading, security or malware breaches.

In addition, there is no assurance that information technology systems the Group implement will allow it to avoid all material credit, market, liquidity or operational risks, nor is there assurance that the systems the Group has integrated will interact successfully and function as intended. Any substantial failure to improve or upgrade the Group's information technology systems effectively or on a timely basis, any substantial problem arising from its data migration or from the interaction between multiple software systems, or any significant human error caused by having new systems, could materially and adversely affect the Group's competitiveness, financial condition and results of operations.

The Group may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and other jurisdictions where it has operations. The PRC Anti-Money Laundering Law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, amongst other activities, establish or designate an independent anti-money laundering department, establish a customer identification system in accordance with relevant rules, record the details of customer activities, and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Group fails to fully comply with applicable laws and regulations, the relevant government agencies to whom the Group reports have the power and authority to impose fines, to freeze its assets and to impose other penalties on it, which may adversely affect its business reputation and operations.

Emerging forms of financial services may impact the operations of the traditional banking business.

With the development of the internet finance industry, funds and internet wealth management products have developed quickly. This trend indicates that a large amount of savings deposits may flow out of banks and then return to the banks in the form such as inter-bank deposits. As a result, banks may be subject to increased funding costs and narrowed interest margins, and as a result, reduced profitability.

With the rise of internet finance, the financial services industry has experienced many changes in terms of payment methods, wealth management products and forms of financing which bring new challenges to the traditional banking business. For example, third party payment organisations are growing rapidly, many new wealth management products have been launched and new internet financing forms have been developed. In addition, with the liberalisation of the interest rates regime, internet financing companies can attract customers through higher deposit rates, raising the cost of deposits taken by banks. The increasing popularity of mobile phones and mobile internet device allows customers to reduce reliance on traditional banking websites. There can be no assurance that the increasingly developed new forms of financial services will not adversely affect the Group's existing banking business.

Internet banking services involve risks of security breaches.

Internet banking activities involve the electronic storage and transmission of confidential information, which are vulnerable to unauthorised access, external network attacks and other disruptions. These possible security threats could expose the Group to liability and damage its reputation. Costs incurred in preventing security threats may be high and may adversely affect the Group's business, financial condition and results of operations. The failure of the Group to detect any defects in software products which are used in providing its internet banking services and an unexpected and sudden high volume of internet traffic may have an adverse effect on the Group's internet banking business.

RISKS RELATING TO THE BANKING INDUSTRY IN THE PRC

The PRC banking regulatory regime is continually evolving and the Group is subject to future regulatory changes.

The Group operates in a highly regulated industry and is subject to laws and regulations governing all aspects of its operations. The principal banking-related statutes and regulations are the PRC Commercial Banking Law and the related implementation rules. The principal regulators of the PRC banking industry are the NAFR, PBOC and SAFE.

The PRC banking regulatory regime has been evolving continuously. Some of the changes in the rules and regulations as well as their interpretations may result in additional costs or restrictions on the Group's operations and activities. For example, on 23 October 2015, the PBOC announced reductions to the RMB benchmark interest rates effective from 24 October 2015. The one-year benchmark lending rate was reduced by 0.25 per cent. to 4.35 per cent. and the one-year benchmark deposit rate was reduced by 0.25 per cent. to 1.50 per cent. On 29 February 2016, the PBOC announced reductions of RMB deposit reserve requirement ratio for financial institutions by 0.5 per cent. effective from 1 March 2016. The PBOC may increase or decrease the reserve requirement ratio for PRC banks or revise its calculation basis in the future. In December 2014, the PBOC issued a circular adjusting the statistic calibre of deposit from 1 January 2015. Under the circular, the securities and trading clearing storage, banking non-deposit storage, SPV storage, other financial institutions' storage and foreign financial institutions' storage absorbed by deposit-taking financial institutions are required to be contained as a part of the deposits absorbed by financial institutions but the applicable deposit reserve ratio for such newly defined deposits is temporarily determined as nil. The PBOC may further issue regulations in future to regulate the deposit reserve ratio for such newly defined deposits. Increases in the bank reserve requirement ratio or expansion of the calculation basis of the reserve requirement may require the Bank to increase its deposit reserves in response to future changes in the PBOC rules and regulations. This may negatively impact the amount of funds available for loans to businesses provided by the Group and therefore may adversely affect the Group's ability to earn interest. The State Council announced the Regulations on Deposit Insurance (存款保險條例) on 17 February 2015, effective on 1 May 2015. Under the new deposit insurance scheme, financial institutions are required to pay insurance premiums into a deposit insurance fund management institution. The deposit insurance is designed to return bank clients' insured deposits if the bank suffers insolvency or bankruptcy. Under the regulation, the maximum limit of the reimbursement of the deposit insurance set at RMB500,000 for one depositor in one insured financial institution. For the portion in excess of such maximum reimbursement limit, the insured financial institutions shall pay their clients with the liquidation property. The PBOC may, in conjunction with relevant departments of the State Council, adjust the maximum reimbursement limit according to certain factors stipulated under the regulation. The NAFR (formerly the CBIRC) monitors the changing status of the loan-to-deposit ratio of PRC commercial banks. Prior to 1 October 2015, PRC commercial banks were required to maintain a loan-to-deposit ratio no higher than 75 per cent. On 29 August 2015, the Standing Committee of the NPC promulgated the Decision of the Standing Committee of the National People's Congress on Amending the PRC Commercial Banking Law (《全國人民代表大會常務委員會關於修改<中華人民共和國商業銀行法>的決定》), pursuant to which, effective from 1 October 2015, the maximum loan-to-deposit ratio of 75 per cent. required under the PRC Commercial Banking Law was withdrawn.

The Group's business and operations are directly affected by changes of the PRC's policies, laws and regulations relating to the banking industry, such as those affecting the extent to which it can engage in specific businesses, as well as changes in other governmental policies. There can be no assurance that the policies, laws and regulations governing the banking industry will not change in the future or that any such changes will not materially and adversely affect the Group's business, financial condition and results of operations nor can there be any assurance that the Group will be able to adapt to all such changes on a timely basis. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations, which may result in penalties and restrictions on the Group's activities and could also have a significant impact on its business.

The PRC regulators have implemented measures relating to lending to small and medium-sized enterprises and the Group may be affected by future regulatory changes.

NAFR has promulgated a series of measures to encourage banking institutions to implement the PRC Government's macroeconomic policies, and, in particular, to proactively support continued healthy economic growth by increasing lending activities to small and medium-sized enterprises while effectively controlling risk. In August 2023, PBOC cut the one-year loan prime rate from 3.55 per cent. to 3.45 per cent and further cut the five-year rate from 4.20 per cent. to 3.95 per cent. However, small and medium-sized enterprises are more vulnerable to fluctuation in the macro-economy as compared to large enterprises due to relatively limited capital, management or other resources required to cope with the adverse impact of major economic or regulatory changes. In addition, small and medium-sized enterprises may not be able to provide reliable information necessary for the Bank to assess the credit risks involved. In the absence of accurate assessment of the relevant credit risks, the NPLs of the Bank may be significantly increased if its small and medium-sized enterprise clients are affected by economic or regulatory changes, which could materially and adversely affect the Group's business, results of operations and financial condition.

Separately, there can be no assurance that the policies, laws and regulations governing the PRC banking industry, in particular, those relating to lending to small and medium-sized enterprises (e.g. incentive policies to encourage lending to small and medium-sized enterprises), will not change in the future or that any such changes will not materially and adversely affect the Group's business, financial condition and results of operations.

The increasingly competitive nature of the PRC banking industry, as well as competition for funds which may arise from developing the PRC capital markets, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC banking industry is becoming increasingly competitive. The Group competes primarily with the large commercial banks and the other joint stock commercial banks in the PRC.

The large commercial banks in the PRC generally have much larger customer and deposit bases, more extensive distribution networks and more capital than that held by the Group. The large commercial banks in the PRC were historically wholly owned by the PRC government, and some of them have in the past received equity contributions or other support from the PRC government in connection with the disposal of NPLs. All of these banks have been restructured to become joint stock companies and some are currently listed on the HKSE and/or the Shanghai Stock Exchange. As a result, the large commercial banks in the PRC may enjoy significant competitive advantages over the Group.

The Group also competes with the other PRC joint stock commercial banks, which have smaller customer and deposit bases compared with the large commercial banks but are more comparable to the Group in their management style and business strategies. Some of these banks are owned or controlled by the PRC government and may have greater financial, managerial and technical resources than the Group does. Certain of these banks have also obtained investments from foreign investors and entered into commercial cooperation agreements with foreign investors. The Group competes with these banks in respect of the range, price and quality of product and service offerings and geographical coverage, amongst other factors.

The Group competes with its competitors for substantially the same loan, deposit and fee customers. Such competition may materially and adversely affect the Group's business by, for example:

- reducing its market share in its principal products and services;
- affecting the growth of its loan or deposit portfolios and other products and services;
- decreasing its interest income or increasing its interest expense, thereby decreasing its net interest margin;
- reducing its fee and commission income;
- increasing its non-interest expenses, such as marketing expenses; and
- increasing competition for senior management and qualified professional personnel.

If the Group does not successfully compete against other banks and financial institutions, its results of operations would be materially and adversely affected.

In addition to competition from other banks and financial institutions, the Group also faces competition from other forms of investment alternatives as the PRC capital markets continue to develop. For example, as the PRC stock and bond markets continue to develop, its deposit customers may elect to transfer their funds into stocks and bonds, which may reduce its deposit base and materially and adversely affect the Group's business, financial condition and results of operations.

The Bank is subject to macro-prudential regulations which involve substantial uncertainties and non-compliance could affect the Bank.

On 29 April 2016, PBOC issued the Circular on Implementing Overall Macro-prudential Management System for Cross-border Financing on a Nationwide Scale (中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知) (the "**2016 Macro-prudential Management Circular**") which came into effect on 3 May 2016. The 2016 Macro-prudential Management Circular established a mechanism aimed at regulating cross border financing activities conducted by PRC domestic institutions, including domestic enterprises and financial institutions other than governmental financing platforms and real estate enterprises, based on the capital or net assets of the borrowing entities and using a prudent management principle on a macro nationwide scale.

The 2016 Macro-prudential Management Circular was replaced by the Circular on Matters Concerning Macro-prudential Management on Overall Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**2017 Macro-prudential Management Circular**"), promulgated by PBOC on 12 January 2017, and the 2017 Macro-prudential Management Circular does not change the filing, reporting and other requirements on PRC domestic enterprises and financial institutions that engage in cross-border financing activities. The 2016 Macro-prudential Management Circular has since been replaced with the 2017 Macro-prudential Management Circular.

In connection with the issuance of the Notes, the Group has not made and does not intend to make any filing with PBOC under the 2017 Macro-prudential Management Circular. The issuance of the Notes by the Issuer, as an overseas branch, where the proceeds will not be remitted into the PRC do not involve any "cross-border financing activities" under the 2017 Macro-prudential Management Circular. Accordingly, the filing requirements under the 2017 Macro- prudential Management Circular do not apply.

Neither PBOC nor SAFE has promulgated implementation rules for the 2017 Macro-prudential Management Circular as at the date of this Offering Circular. The filing process of and legal consequences of non-compliance with the aforesaid regulations and the interpretation and enforcement of the 2017 Macro-prudential Management Circular thus involve substantial uncertainties. If following the date of this Offering Circular, the Group is required to make or take other steps to comply with the 2017 Macro-prudential Management Circular, the Issuer will take the necessary steps to comply with such requirements.

The rate of growth of the PRC banking market may not be sustainable.

In the last decades, the banking market in the PRC has expanded as a result of the continues growth of the PRC economy, increases in household wealth, continued social welfare improvement, demographic changes and the opening of the PRC banking market to foreign participants. As the Chinese economy entered a "new normal", the prospective impact on the PRC banking industry of certain trends and events, such as the pace of economic growth in the PRC and the ongoing reform of the social welfare system, is currently not clear. Consequently, there can be no assurance that the growth and development of the PRC banking market will be sustainable. The recent slowdown in China's economic growth rate has led to a rise in NPLs of the banking industry. In the event that the Group cannot adapt to such changes, its business, financial condition and results of operation could be materially and adversely affected.

The Bank's results of operations may be adversely affected if the PBOC further expedites the deregulation of interest rates.

The PBOC has adopted reform measures to gradually liberalise China's interest rate regime. In 2002, the PBOC substantially liberalised interest rates for foreign currency-denominated loans and deposits. In October 2004, the PBOC eliminated restrictions in respect of the maximum interest rate for RMB denominated loans and the minimum interest rate for RMB-denominated deposits.

On 19 July 2013, the PBOC published the Notice on Furthering Market-based Interest Rate Reform pursuant to which, other than the restriction that commercial banks in China cannot set interest rates for RMB-denominated residential mortgage loans below 70 per cent. of the relevant PBOC benchmark rate (which has been in effect since 27 October 2008), restrictions on the loan interest rates were fully liberalised. On 25 October 2013, the PBOC introduced a new prime lending rate, officially known as the "loan prime rate", which is based on a weighted average of lending rates from nine commercial banks.

Similarly, the PBOC has adopted measures to liberalise RMB-denominated deposits in commercial banks in China in recent years. As at 11 May 2015, the interest rate for RMB-denominated deposits cannot be set above 150 per cent. of the relevant PBOC benchmark rate. As at 24 October 2015, there is no longer a ceiling rate for the interest rate for RMB-denominated deposits.

In recent years, the PBOC has adjusted the benchmark interest rates several times. The PBOC may further liberalise the existing interest rate restrictions on RMB-denominated loans and deposits. If the existing regulations are substantially liberalised or eliminated, competition in China's banking industry will likely intensify as China's commercial banks seek to offer more attractive interest rates to customers. Further liberalisation by the PBOC may result in the narrowing of the spread in the average interest rates between RMB-denominated loans and RMB-denominated deposits, thereby adversely affecting the Bank's business, financial condition and results of operations, which in turn may negatively affect the Bank's ability to meet its obligations under the Notes.

Fluctuations in interest rates as well as the Group's limited ability to adjust the interest rates the Group charge on its assets or pay on its liabilities may adversely affect the Group's lending operations and its financial condition.

As with most commercial banks, results of the Group's operations depend to a great extent on its net interest income. For the six months ended 30 June 2024, the net interest income represented 74.07 per cent. of the Group's operating income, and for the year ended 31 December 2023, the net interest income represented 74.55 per cent. of the Group's operating income. Fluctuations in interest rates could affect the Group's financial condition and results of operations and profitability in different ways. For example, a decrease in interest rates may reduce the Group's interest income as well as yields from interest-earning investments. An increase in interest rates may decrease the value of the Group's investment debt securities portfolio and raise its funding costs. In addition, an increase in interest rates may reduce overall demand for loans, and, accordingly, reduce the Group's origination of new loans, as well as increase the risk of customer default. Interest rate fluctuations will also affect the market value of and return on derivative financial instruments. Volatility in interest rates may also result in a gap between the Group's interest rate sensitive assets and interest rate sensitive liabilities. As a result, the Group may be required to incur additional costs to adjust its interest rate sensitive assets and liabilities, and its net interest income may decrease.

In addition, increasing competition in the banking industry and further liberalisation of the interest rate regime may result in more volatility in market interest rates. If the interest rates the Group pays for its deposits increase to a greater extent than the interest rates the Group receives for its loans, the Group's net interest margin will narrow, leading to a reduction in the Group's net interest income. Increases in interest rates may also affect borrowers' financial condition and hence their ability to repay loans.

A SHIBOR-based market rate system has been developed in the PRC inter-bank short-term lending market. However, due to the relatively short history of the PRC inter-bank market, there may be significant volatility in market interest rates, such as the dramatic fluctuations in the inter-bank short- term rate which occurred in June and July 2013. The Group cannot assure you that SHIBOR interest rates will not experience irregular volatility or will return to a normal range in the short term after experiencing irregular volatility. Any significant volatility in interest rates in the inter-bank market may have a material and adverse effect on the Group's cost of borrowing short-term funds and its liquidity.

As a result, fluctuations in interest rates may adversely affect the Group's lending operations and its financial condition.

The effectiveness of the Group's credit risk management is affected by the quality and scope of information available in the PRC.

National credit information databases developed by the PBOC have been in operation since January 2006. However, as the information infrastructure in the PRC is still under development and there remains limitations on the availability of information, national credit information databases are generally under-developed and are not able to provide complete credit information on many of the Group's credit applicants. Until the PRC has more fully developed and implemented its nationwide unified credit information database on corporate borrowers, the Group has to rely on other publicly available resources and its internal resources to supplement what is currently available on the nationwide unified credit information database for enterprises. These sources of data and information are not sufficiently complete or effective for the robust credit risk management system that the Group attempts to build. Therefore, there can be no assurance that the Group's assessment of the credit risks associated with any particular customer is based on complete, accurate and reliable information. As a result, the Group's ability to effectively manage its credit risk may be materially and adversely affected.

RISKS RELATING TO THE GLOBAL AND PRC ECONOMY

Uncertainties in the global economy and, in particular, the PRC economy and the financial market could materially and adversely affect the Group's financial condition and results of operations.

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 had a negative and lasting impact on the world economy, which in turn affected the PRC real estate industry and many other industries. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. Following a referendum vote on 23 June 2016 and a formal notice given by the UK to the European Union on 29 March 2017 under Article 50 of the Treaty on European Union, the United Kingdom left the European Union on 31 January 2020 at 11 p.m. local time ("**Brexit**"). With Brexit taking full effect after 31 December 2020, economic relations between the United Kingdom and the remaining members of the European Union will continue to evolve, and it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and the rest of the world.

The outlook for the world economy and financial markets remains uncertain. The Russo-Ukrainian conflict and the conflict in Israel and Gaza have led to significant volatility in the global markets. The extent and duration of such conflicts, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a material adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, as well as certain foods including grain, and on global economies. In Europe, several countries continue to face difficulties surrounding sovereign debt. In major economics around the world, the inflation level has been high as a consequence of liberal monetary policy. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. In early 2023, the global financial markets have experienced further turmoil with the collapse of mid-size United States banks Silicon Valley Bank, Signature Bank and First Republic Bank, as well as the collapse of global financial institution Credit Suisse, which has resulted in tightened credit standards, reduced capital investment and higher uncertainty in the global macroeconomic environment. China's economic growth becomes more moderate as compared to its previous growth rate due to weakened exports as well as recent developments surrounding the trade-war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminium imports from China, and later on 6 July 2018, the United States imposed 25 per cent. tariffs on US$34 billion worth of Chinese goods. In turn, the PRC responded with similarly sized tariffs on United States' products. Significant further tariffs have been imposed by both countries since then. In January 2020, China and the United States signed the first stage of trade deal, to which among other things, included a rollback by the United States of some existing tariffs. However, significant tariff remain and it is unclear how much economic relief from such trade-war it will offer.

Although the PRC recorded a GDP annual growth rate of 5.2 per cent. in 2023, there can be no assurance that a similar level of growth rate can be sustained. The slowing global economy growth and other factors have resulted in fluctuations in the global raw materials prices, such as coal, oil and copper, and the increasing volatilities in the international capital markets. Uncertainties in the global and the PRC economies may lead to contraction of liquidity, reduced credit availability, deterioration in asset values, increase in bankruptcies, rising unemployment rates, declining consumer and business confidence and other adverse consequences. These uncertainties may adversely affect the Group's financial condition and results of operations in many ways, including, among other things:

- During a period of economic slowdown, there is a greater likelihood that the Group's customers or counterparties could become delinquent in respect of their loan repayments or other obligations to the Group, which, in turn, could result in a higher level of NPLs ratio, allowance for impairment losses on loans and write-offs. For example, the downturn of the global economy has already caused a material adverse impact on small and micro enterprises in China and such an impact may continue. Although the Group devotes considerable resources to managing these risks, many of the factors affecting borrower and counterparty credit risks are exogenous to the Group. A substantial increase in NPLs may have a material adverse effect on the Group's business, financial condition and results of operations;

- The value of the Group's investment securities and other financial assets may significantly decline, which may adversely affect the Group's financial condition;

- The Group's ability to raise additional capital on favourable terms, or at all, may be adversely affected; and

- Trade and capital flows may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect the Group's business prospects.

If the global and the PRC economies continue to grow slowly, or even experience a downturn, the Group's business, results of operations and financial condition could be materially and adversely affected.

A significant majority of the Group's businesses, assets and operations are located in the PRC. Accordingly, its financial conditions, results of operations and business prospects are, to a significant degree, subject to the economic, political, legal and social conditions and developments in the PRC.

The PRC economy has undergone a transition from a planned economy to a market-oriented economy. The PRC government has taken various actions to introduce market forces for economic reform, to reduce state ownership of productive assets and to promote the establishment of sound corporate governance in business entities. However, a substantial portion of productive assets in the PRC is still owned directly or indirectly by the PRC government. The PRC government also has significant influence over the growth of the PRC economy through measures such as allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. These measures are aimed at benefitting the overall economy of the PRC, but some of them may have negative effects on certain industries, including the commercial banking industry. For example, the Group's operating results may be adversely affected by government regulations over capital investments or changes in the interpretation of and application of applicable tax regulations. In addition, in recent years, the PBOC has instituted broad reform of the PRC's monetary policy. If the Group is unable to adjust its operations in accordance with these reforms, its financial condition and results of operations could be materially and adversely affected.

The PRC's GDP growth rate has been moderating in recent years, recording a real GDP growth of 6.0 per cent. in 2019, decreased to 2.3 per cent. in 2020 due to the outbreak of COVID-19, and then increased to 8.1 per cent. in 2021 because of the base effect of the previous year. In 2022 and 2023, the PRC's GDP growth rate recorded a real growth of 3.0 per cent. and 5.2 per cent., respectively.

The global economy may continue to deteriorate in the future, which could have an adverse impact on the PRC economy. Any significant slowdown in the China's economy could have a material adverse effect on the PRC banking industry as well as the Bank's business and operations. In response to recent slowdown of PRC's economy, the PRC government has implemented and may continue to implement a series of macroeconomic measures. Some of the measures may have a material effect on the Group's business, financial condition, results of operations and asset quality. In recent years, the PRC government has implemented measures and actions with an aim to increase investors' confidence in the PRC economy. However, there is no assurance that the PRC economy would recover as expected. The Group is unable to predict all the risks and uncertainties that it may face as a result of current economic, political, social, and regulatory developments and many of these risks are beyond the Group's control. All such factors may adversely affect the Group's business, operations and financial performance.

Interpretation and implementation of the PRC laws and regulations may involve uncertainties.

The Bank is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with legal relations in respect of such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, especially with respect to the PRC banking regulatory regime, the interpretation and enforcement of these laws and regulations may involve uncertainties. In addition, PRC laws and regulations are constantly adapting to international industry standards and customs, such as the implementation of Basel standards. In addition, there is only a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value. These uncertainties relating to the interpretation and implementation of the PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and the holders of the Notes.

The Group is subject to the PRC government regulations on currency conversion and future movements in foreign currency exchange rates.

The Group receives a significant majority of its revenues in Renminbi, and it may experience difficulties in converting its Renminbi revenues into other currencies, though a portion of these revenues must be converted into other currencies to meet its foreign currency obligations.

The value of Renminbi against the US dollar and other currencies fluctuates and is affected by many factors, including changes in political and economic conditions in the PRC and globally. Starting from 1994, the conversion of Renminbi into foreign currencies, including the Hong Kong dollar and the US dollar, was based on rates set daily by the PBOC based on the previous business day's interbank foreign exchange market rates and the current exchange rates on the world financial markets. For more than ten years, the official exchange rate for conversion of Renminbi to US dollars was generally stable. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by approximately two per cent. against the US dollar. In July 2008, the PRC government announced that its exchange rate regime would change into a managed floating mechanism based on market supply and demand. Given domestic and overseas economic developments, the PBOC decided to further adjust the Renminbi exchange rate regime in April 2012 and March 2014 to enhance the flexibility of the Renminbi exchange rate. The PRC government may make further adjustments to the exchange rate system in the future. Any appreciation of Renminbi against the US dollar or any other foreign currency may result in a decrease in the value of the Group's foreign currency-denominated assets. Conversely, any devaluation of Renminbi may adversely affect the value of the Group's assets in Renminbi terms.

In addition, the Group is required to obtain approval from SAFE before converting foreign currencies into Renminbi for non-current account transactions, such as the repayment of loan principal and investment in equities. All these factors could materially and adversely affect the Group's business, financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Offering Circular with respect to the Group, the PRC, its economy or its banking industry.

Certain facts, forecasts and statistics in this Offering Circular relating to the PRC, the PRC economy, the PRC and global banking industries and the Group's market share and ranking are derived from various official and other publicly available sources which are generally believed to be reliable. However, the Group cannot guarantee the quality and reliability of such source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Group, or any of its directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. The Group has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

Any force majeure events, including future occurrence of natural disasters or outbreaks of contagious diseases (such as COVID-19) in the PRC, may have a material and adverse effect on the Group's business operations, financial condition and results of operations.

Any force majeure events, such as the occurrence of natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, or SARS, swine flu caused by H1N1 virus, or H1N1 Flu, or COVID-19 may materially and adversely affect the Group's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Group and have adverse effects on the quality of its assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business. Moreover, the PRC has experienced natural disasters like earthquakes, floods and drought in the past few years. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business. There can be no guarantee that any future occurrence of natural disasters or outbreak of avian influenza, SARS, H1N1 Flu, COVID-19 or other epidemics, or the measures taken by the PRC Government or other countries in response to a future outbreak of avian influenza, SARS, H1N1 Flu, COVID-19 or other epidemics, will not seriously interrupt the Group's operations or those of its customers, which may have a material and adverse effect on its business, financial condition and results of operations.

PRICING SUPPLEMENT IN RELATION TO THE NOTES

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKSE**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, together with the Offering Circular (as defined below) and the Supplemental Offering Circular (as defined below), includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pricing Supplement dated 9 September 2024

China Minsheng Banking Corp., Ltd. Hong Kong Branch[1]

Issue of U.S.$300,000,000 Floating Rate Notes due 2027
under the U.S.$5,000,000,000 Medium Term Note Programme (the "**Programme**")

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the offering circular dated 4 March 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular as supplemented and amended by a supplemental offering circular dated 9 September 2024 (the "**Supplemental Offering Circular**").

1 A branch of China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the People's Republic of China.

1 . . .	Issuer:	China Minsheng Banking Corp., Ltd. Hong Kong Branch
2 . . .	(i) Series Number:	012
	(ii) Tranche Number:	1
3 . . .	Specified Currency or Currencies:	U.S. Dollars ("**U.S.$**")
4 . . .	Aggregate Nominal Amount:	
	(i) Series:	U.S.$300,000,000
	(ii) Tranche:	U.S.$300,000,000
5 . . .	(i) Issue Price:	100.0 per cent. of the Aggregate Nominal Amount
	(ii) Gross proceeds:	U.S.$300,000,000
6 . . .	(i) Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.$1,000
7 . . .	(i) Issue Date:	13 September 2024
	(ii) Interest Commencement Date:	Issue Date
8 . . .	Maturity Date:	Interest Payment Date falling on or nearest to 13 September 2027
9 . . .	Interest Basis:	SOFR Compounded Index + Margin (further particulars specified below)
10 . .	Redemption/Payment Basis:	Redemption at par
11 . .	Change of Interest or Redemption/Payment Basis:	Not Applicable
12 . .	Put/Call Options:	Not Applicable
13 . .	Status of the Notes:	Senior Notes
14 . .	Listing:	The Stock Exchange of Hong Kong Limited Listing is expected to be effective on 16 September 2024
15 . .	Method of distribution:	Syndicated
16 . .	Private Bank Rebate/Commission:	Not Applicable

Provisions Relating to Interest (if any) Payable

17 . .	Fixed Rate Note Provisions:		Not Applicable
18 . .	Floating Rate Note Provisions:		Applicable
	(i)	Interest Period(s):	Each period beginning on and including the Interest Commencement Date and ending on but excluding the first Specified Interest Payment Date and each successive period beginning on and including a Specified Interest Payment Date and ending on but excluding the next succeeding Specified Interest Payment Date
	(ii)	Specified Interest Payment Dates:	13 March, 13 June, 13 September and 13 December, in each year, commencing on 13 December 2024 and ending on the Maturity Date, in each case subject to adjustment in accordance with the Business Day Convention set out in (iv) below
	(iii)	Interest Period Date(s):	As defined in the Conditions
	(iv)	Business Day Convention:	Modified Following Business Day Convention
	(v)	Business Centre(s) (Condition 5(j)):	Not Applicable
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination (SOFR)
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	Deutsche Bank AG, Hong Kong Branch
	(viii)	Screen Rate Determination (Condition 5(b)(iii)(B)):	Not Applicable
	(ix)	Screen Rate Determination (SOFR) (Condition 5(b)(iii)(C)):	Applicable
		– Reference Rate:	SOFR Benchmark – SOFR Compounded Index
		– Compounded SOFR Average Method:	Not Applicable
		– SOFR Index $_{Start}$ Start Date:	Five (5) U.S. Government Securities Business Days preceding the first day of the relevant Interest Accrual Period

	– SOFR Index $_{End}$ End Date:	Five (5) U.S. Government Securities Business Days preceding the Interest Period Date relating to the relevant Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date)
	– Interest Determination Date(s):	The fifth U.S. Government Securities Business Day prior to the last day of each Interest Accrual Period
	– Lookback Days:	Not Applicable
	– SOFR Observation Shift Days:	Five (5) U.S. Government Securities Business Days
	– SOFR Rate Cut-Off Date:	Not Applicable
	– Interest Payment Delay Days:	Not Applicable
	– SOFR Index Unavailable:	Compounded SOFR formula
	– Observation Shift Days:	Five (5) U.S. Government Securities Business Days
(x)	ISDA Determination (Condition 5(b)(iii)(A)):	Not Applicable
(xi)	Margin(s):	+0.65 per cent. per annum
(xii)	Minimum Rate of Interest:	Not Applicable
(xiii)	Maximum Rate of Interest:	Not Applicable
(xiv)	Day Count Fraction (Condition 5(j)):	Actual/360
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Benchmark Event (SOFR)
19 . .	Zero Coupon Note Provisions:	Not Applicable
20 . .	Index Linked Interest Note Provisions:	Not Applicable
21 . .	Dual Currency Note Provisions:	Not Applicable

Provisions Relating to Redemption

22 . .	Call Option:	Not Applicable
23 . .	Put Option:	Not Applicable
24 . .	Final Redemption Amount of each Note:	U.S.$1,000 per Calculation Amount
25 . .	Early Redemption Amount:	
	(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)) or Event of Default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.$1,000 per Calculation Amount

General Provisions Applicable to the Notes

26 . .	Form of Notes:	Registered Notes Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the permanent Global Certificate
27 . .	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	New York and Hong Kong
28 . .	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29 . .	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30 . .	Details relating to Instalment Notes:	Not Applicable
31 . .	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
32 . .	Consolidation provisions:	The provisions in Condition 13 (*Further Issues)* apply
33 . .	Other terms or special conditions:	Not Applicable

Distribution

34 . . (i) If syndicated, names of Managers:	**Joint Global Coordinators** 1. China Minsheng Banking Corp., Ltd. Hong Kong Branch 2. Standard Chartered Bank 3. Bank of Communications Co., Ltd. Hong Kong Branch 4. CMBC Securities Company Limited 5. Industrial Bank Co., Ltd. Hong Kong Branch **Joint Bookrunners** 6. Agricultural Bank of China Limited Hong Kong Branch 7. Bank of China Limited 8. CCB International Capital Limited 9. CEB International Capital Corporation Limited 10. China CITIC Bank International Limited 11. China Everbright Bank Co., Ltd., Hong Kong Branch 12. China Galaxy International Securities (Hong Kong) Co., Limited 13. China Industrial Securities International Brokerage Limited 14. China International Capital Corporation Hong Kong Securities Limited 15. China Securities (International) Corporate Finance Company Limited 16. China Zheshang Bank Co., Ltd. (Hong Kong Branch) 17. Chiyu Banking Corporation Limited

18. CLSA Limited

19. CMB International Capital Limited

20. CMB Wing Lung Bank Limited

21. CNCB (Hong Kong) Capital Limited

22. Guotai Junan Securities (Hong Kong) Limited

23. Haitong International Securities Company Limited

24. Hua Xia Bank Co., Limited Hong Kong Branch

25. Huatai Financial Holdings (Hong Kong) Limited

26. ICBC International Securities Limited

27. Industrial and Commercial Bank of China (Asia) Limited

28. Industrial and Commercial Bank of China (Macau) Limited

29. Industrial and Commercial Bank of China Limited, Singapore Branch

30. Korea Investment & Securities Asia Limited

31. Lion Global Financial Limited

32. Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch

33. SMBC Nikko Securities (Hong Kong) Limited

34. SPDB International Capital Limited

(ii) Stabilisation Manager (if any):	Any one of the Dealers (other than China CITIC Bank International Limited) appointed and acting in its capacity as a stabilisation manager

35 . .	If non-syndicated, name of Dealer:	Not Applicable
36 . .	U.S. Selling Restrictions:	Reg. S Category 1; TEFRA Not Applicable
37 . .	Additional selling restrictions:	Not Applicable
38 . .	Prohibition of Sales to EEA Retail Investors:	Not Applicable
39 . .	Prohibition of Sales to UK Retail Investors:	Not Applicable

Operational Information

40 . .	ISIN Code:	XS2896239659
41 . .	Common Code:	289623965
42 . .	Legal Entity Identifier of the Issuer:	635400BPCTF8TCGUXG82
43 . .	Legal Entity Identifier of the Bank:	549300HBUGSQD1VCXG94
44 . .	Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s):	Not Applicable
45 . .	Delivery:	Delivery against payment
46 . .	Additional Paying Agents (if any):	None

General

47 . .	The aggregate principal amount of Notes issued has been translated into US dollars at the rate of N/A, producing a sum of (for Notes not denominated in US dollars):	Not Applicable
48 . .	In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong:	Not Applicable
49 . .	In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London:	Not Applicable
50 . .	(i) Date of corporate approval (s) for the issuance of the Notes:	21 February 2023 (resolution of the board of directors) 9 June 2023 (resolution of the shareholders)
	(ii) Date of any regulatory approval for the issuance of Notes:	NDRC Registration Certificate dated 19 October 2023
51 . .	Ratings:	The Notes to be issued are expected to be rated: S&P: BBB-

Hong Kong SFC Code of Conduct

52 . .	Rebates	Not Applicable
53 . .	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	hkdcm@cmbc.com.cn; SYNHK@sc.com; dcm@bankcomm.com.hk; cmd_dcm@cibhk.com.

Listing Application

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US$5,000,000,000 Medium Term Note Programme of China Minsheng Banking Corp., Ltd. Hong Kong Branch.

Stabilisation

In connection with the issue of the Notes, any of the Dealers named as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) in this Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) to do this. Such stabilisation if commenced may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

Material Adverse Change Statement

Except as disclosed in the Supplemental Offering Circular, there has been no material adverse change in the financial position or prospects of the Issuer since 30 June 2024.

Use of Proceeds

The Issuer intends to use the net proceeds from the sale of the Notes for the Bank's loan disbursement.

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer

(A branch of China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the People's Republic of China)

By: ____________________________

Duly authorised

CAPITALISATION AND INDEBTEDNESS

The section entitled "Capitalisation and Indebtedness" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The following table sets forth the Group's capitalisation and indebtedness as at 30 June 2024 and as adjusted to give effect to the issuance of the Notes prior to deducting the commission and other expenses in connection with the offering of the Notes.

Please read this table in conjunction with the Group's consolidated financial information and the accompanying notes included elsewhere in this Supplemental Offering Circular.

	As at 30 June 2024			
	Actual	**Actual**	**As Adjusted**	**As Adjusted**
	(RMB million)	**(USD million)[1]**	**(RMB million)**	**(USD million)[1]**
Marketable Debt[2]				
Debt securities issued	855,678	117,745	855,678	117,745
Notes to be issued	–	–	2,180	300
Total Marketable Debt[3]	**855,678**	**117,745**	**857,858**	**118,045**
Equity				
Share capital	43,782	6,025	43,782	6,025
Other equity instruments	55,000	7,568	55,000	7,568
Capital reserve	58,111	7,996	58,111	7,996
Surplus reserve	58,805	8,092	58,805	8,092
General reserve	95,391	13,126	95,391	13,126
Investment revaluation reserve	3,429	472	3,429	472
Exchange reserve	557	77	557	77
Cash flow hedging reserve	6	1	6	1
Retained earnings	281,060	38,675	281,060	38,675
Total equity attributable to holders of equity shares of the Bank	**596,141**	**82,032**	**596,141**	**82,032**
Non-controlling interests	13,501	1,858	13,501	1,858
Total Equity[4]	**609,642**	**83,890**	**609,642**	**83,890**
Total Capitalisation[5]	**1,465,320**	**201,635**	**1,467,500**	**201,935**

(1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB7.2672 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 28 June 2024.

(2) Marketable debt securities means debt securities that have an established secondary market in or outside Hong Kong in which they can be monetised readily.

(3) Total marketable debt equals the sum of debt securities issued and Notes to be issued.

(4) Total equity equals the sum of total equity attributable to holders of equity shares of the Bank and non-controlling interests.

(5) Total capitalisation equals the sum of total marketable debt and total equity.

There has been no material adverse change in the capitalisation of the Group since 30 June 2024.

USE OF PROCEEDS

The section entitled "Use of Proceeds" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The Issuer intends to use the net proceeds from the sale of the Notes for the Bank's loan disbursement.

DESCRIPTION OF THE HONG KONG BRANCH

The section entitled "Description of the Hong Kong Branch" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The Bank set up its branch in Hong Kong in March 2012. The Bank possesses a banking licence and is an authorised institution under the laws and regulations of Hong Kong. China Minsheng Banking Corp., Ltd. Hong Kong Branch ("**Hong Kong Branch**") is positioned to be the offshore investment and financing platform for the Group, with a strategic goal to become the Group's offshore platform to provide comprehensive global financial market services to the Group's overseas customers. Hong Kong Branch has successfully become an overseas business platform for the Bank in the last 12 years, which enhanced the financial support available to Chinese enterprises for their overseas expansion as part of the implementation of the PRC government's "Going global" strategy and "One Belt and One Road Initiative" as well as the globalisation of Renminbi.

The Hong Kong Branch has three key business segments, including corporate banking, financial markets, and private banking and wealth management. Under the corporate banking segment, the Hong Kong Branch provides cross-border settlement and financing, overseas investment, mergers and acquisitions and consulting, capital preservation and value-added services. Under the financial markets segment, it provides financial institution services, treasury, debt capital markets and custody. Under the private banking and wealth management segment, it provides overseas wealth platform, a full range of investment services, and wealth management and private banking services.

The Hong Kong Branch implemented the development strategy of the Bank, gave full play to its role as a platform for business outside the Chinese mainland under the coordination mechanism of "One Minsheng", continuously enhanced cross-border synergy and coordination, carried out in-depth management of the strategic client group of the Head Office and the branches, resolutely developed distinctive business fields, focused on building differentiated competitive advantages, and enhanced its capabilities in providing comprehensive cross-border financial services. The business outside the Chinese mainland of the Bank achieved high-quality and steady development. As at 30 June 2024, total assets of the Hong Kong Branch amounted to HKD196,786 million, representing an increase of 9.15 per cent. as compared with the end of the previous year. Among them, total loans and advances to customers[2] amounted to HKD112,914 million, and accounted for 57.38 per cent. of the total assets, representing an increase of 1.82 per cent. compared with the end of the previous year. Total deposits from customers[3] amounted to HKD139,200 million, and accounted for 70.74 per cent. of the total liabilities, representing an increase of 3.45 per cent. as compared with the end of the previous year. During the six months ended 30 June 2024, the net income amounted to HKD1,344 million, representing a decrease of 1.61 per cent. as compared with the corresponding period in 2023. The slight decrease in net income was mainly due to the continuous pressure on the net interest margin caused by the interest rate hikes outside the Chinese mainland. At the same time, the Hong Kong Branch effectively offset the impact of interest rate hikes on net income by optimising asset-liability structure, hedging interest rate risk and vigorously expanding intermediate business.

2 According to the standards of Hong Kong Monetary Authority, total loans and advances to customers mainly include the loans and advances granted by the Hong Kong Branch to corporate customers, retail customers and non-bank financial institutions customers.

3 According to the standards of Hong Kong Monetary Authority, total deposits from customers mainly include the deposits of the Hong Kong Branch from corporate customers, retail customers and non-bank financial institutions customers.

The Hong Kong Branch implemented the below strategies:

- *Adhering to the philosophy of customer first to strengthen cross-border coordination and seek for more businesses with the strategic client group*:

  The Hong Kong Branch implemented the development concept of "One Minsheng", took Hong Kong as the base and focused on the Guangdong-Hong Kong-Macau Greater Bay Area to create its cross-border financial service brand, and provided customers with professional and integrated cross-border financial solutions. During the six months ended 30 June 2024, the credit assets in cross-border cooperation reached RMB9,885 million, accounting for 62.72 per cent. of total credit assets disbursed in 2023 The Hong Kong Branch attached great importance to the adjustment of credit customer structure and the improvement of customer quality. During the six months ended 30 June 2024, in new disbursement of credit assets, high-quality corporate clients with high ratings accounted for 59.06 per cent.. The Hong Kong Branch highlighted the in-depth development of the strategic client group, focused on key fields, proactively advanced business expansion in Hong Kong and Southeast Asia, and provided over 200 corporate strategic clients of the Bank with comprehensive financial services. As at 30 June 2024, total credit assets of corporate strategic clients amounted to HKD57,749 million, representing an increase of 28.81 per cent. as compared with the end of the previous year. In addition, the Hong Kong Branch emphasised on the cross-border wealth management of mid – to high-end retail customers. As at 30 June 2024, the asset under management (the "**AUM**") of the private banking and wealth management customer groups amounted to HKD32,392 million, representing an increase of 6.21 per cent. as compared with the end of the previous year.

- *Adhering to the philosophy of considerate services to develop featured business and build core advantages:*

  The Hong Kong Branch explored business opportunities in distinctive business fields, and achieved good development in businesses such as cross-border M&A, asset custody and green finance. In terms of cross-border M&A, the Hong Kong Branch closely followed market developments, and proactively tapped into M&A financing demands. During the six months ended 30 June 2024, the Hong Kong Branch implemented several major M&A financing projects and raised nearly USD1,000 million, thus further expanding the Bank's market influence in cross-border M&A. In terms of asset custody, the Hong Kong Branch enhanced and strengthened comprehensive custody service capability and has built the brand of a distinctive and premier custody bank by relying on the custody centre outside the Chinese mainland (Hong Kong). As at 30 June 2024, the assets under custody amounted to HKD157,077 million, representing an increase of 6.92 per cent. as compared with the end of the previous year, taking the lead among comparable Chinese joint-stock banks in Hong Kong. In terms of green finance, the Hong Kong Branch adhered to sustainable and green development, deepened the construction of green finance system, and pushed forward the green and low-carbon transformation and the upgrading of asset structure. As at 30 June 2024, the size of assets of businesses linked to green and sustainable development[4] amounted to HKD19,731 million, representing an increase of 30.22 per cent. as compared with the end of the previous year. During the six months ended 30 June 2024, the Hong Kong Branch successfully issued RMB3,000 million offshore RMB medium-term notes with a term of two years, becoming the first Chinese bank issuing green dim sum bonds in the market since the beginning of 2024. The Hong Kong Branch enriched retail product offerings, and innovated the model of value-added services, thereby constantly

4 Assets of businesses linked to green and sustainable development include green loans and bonds.

enhancing its capabilities in providing comprehensive cross-border financial services. During the six months ended 30 June 2024, the Hong Kong Branch strove to build a private banking and wealth management platform, continuously expanded the scope of cooperation with insurance companies, and maintained a leading position in overseas insurance business among comparable Chinese joint-stock banks in Hong Kong. By virtue of its professional competence and premium services, it won the "Best Private Banking– International Services and Investment" Gold Award ("最佳私人銀行–國際服務與投資"金獎) by the Asian Private Banker again. Regarding the "Cross-Border Wealth Management Connect (跨境理財通)", the Hong Kong Branch realised online operation of account opening and transactions. As at 30 June 2024, the market share of "Cross-Border Wealth Management Connect" of the Bank maintained a leading position among over 30 banks with similar business.

- *Adhering to the philosophy of making steady progress for long-term development to pursue comprehensive risk management and compliant and steady operation:*

  The Hong Kong Branch comprehensively implemented the philosophy of compliant operation, continued to improve the overall risk management system, insisted on paying equal attention to business development and risk constraint, and formulated and implemented risk preference, to effectively ensure its steady operation. During the six months ended 30 June 2024, the Hong Kong Branch continued to strengthen credit risk management, optimised and adjusted the credit asset portfolio, appropriately increased the allocation of assets in Hong Kong and outside the Chinese mainland, increased the proportion of high-rating loans, and strengthened customer concentration management and industry limit management, thereby enhancing risk resistance. It actively implemented regulatory requirements, integrated climate risks into the comprehensive risk management system, and conducted the stress testing of climate risk management. During the six months ended 30 June 2024, the Hong Kong Branch compiled and disclosed the second Special Disclosure Report on Green Finance and Climate Risk Management (《綠色金融與氣候風險管理專題披露報告》). It closely tracked changes in market interest rates, and formulated and actively implemented the interest rate risk hedging strategies in a timely manner, so as to effectively resolve the impact of rapid USD interest rate rise on the interest rate risk of banking book. In addition, it proactively responded to changes in the financial markets, adopted a forward-looking liquidity risk management strategy, and continued to optimise the type, maturity term and currency structure of liabilities to effectively reduce the concentration of liability sources. During the six months ended 30 June 2024, the Hong Kong Branch kept all its liquidity indicators at a sound and steady level.

In recent years, the Hong Kong Branch received the following awards:

- the "Best Private Banking – International Services and Investment" Gold Award ("最佳私人銀行–國際服務與投資"金獎) issued by the Asian Private Banker in 2024;

- "ESG Achievement Programme 2023 (ESG表彰計劃2023)" by the Hong Kong Economic Journal;

- "Visionary Green Bond Framework (卓越遠見綠色債券框架)" by the Hong Kong Quality Assurance Agency in 2023;

- "Visionary Sustainability-linked Loan Performance Metrics (卓越遠見可持續發展貸款績效指標)" by the Hong Kong Quality Assurance Agency in 2023;

- "Best Private Banking – International Services and Investment" Gold Award ("最佳私人銀行–國際服務與投資"金獎) issued by the Asian Private Banker in 2023;

- "Excellent Customer Services Bank" ("卓越客戶服務銀行"大獎) of 2023 by the Hong Kong Economic Journal;

- "Most Active Settlement Member – USD Over-the-Counter Derivatives" ("最活躍結算會員–美元場外衍生品"卓越大獎) issued by the HKSE for 2023;

- "Pioneer Institution of Climate Disclosure Plan (氣候披露規劃先鋒機構)" by Hong Kong Quality Assurance Agency;

- "Outstanding Green and Sustainable Bond Leading Bank (Banking Industry) – Green Bond Framework with Excellent Vision (傑出綠色和可持續債券牽頭經辦行(銀行業) – 卓越遠見綠色債券框架)" by Hong Kong Quality Assurance Agency;

- "Enterprise Contribution Award amid the 25th Anniversary of Hong Kong's Return to China (香港回歸25周年企業貢獻) in 2022" by Metro Broadcast Corporation Limited;

- "Excellent Customer Service Bank Award in 2022" by Hong Kong Economic Journal (《信報》);

- "Business-innovated Agency in 2021" by DealingMatrix International;

- "Best Corporate Bond" Through Contemporary Amperex Technology Company US$500 million Senior Unsecured Bond by The Asset Triple A Country Awards 2021;

- "Most Innovative Deal" Through Bank of China (Hong Kong) US$500 million SOFR FRNs and Bank of China (London) £300 million Sonia FRNs by The Asset Triple A Country Awards 2021;

- "Excellent Customer Service Bank Award in 2021" by Hong Kong Economic Journal (《信報》);

- "Best FIG Bond in 2019" (through ICBC's US$2.2 billion equivalent senior unsecured green BRBR bond) by the Triple A Asset Asian Awards;

- "Best FIG Bond in 2019" (through China Orient Asset Management's US$700 million dual-tranche senior bond) by the Triple A Asset Asian Awards;

- "Asia Pacific Syndicated Loan Awards in 2018" by Asia Pacific Loan Market Association; and

- "Best Trade Finance Bank Hong Kong 2017" by Global Banking & Finance Review.

Business Activities

The Hong Kong Branch is a licensed bank in Hong Kong, with its principal place of business at Flat 3701-02, 3712-16, 37/F and 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, and currently focuses on the provision of financing solutions to the Group's overseas customers. The Hong Kong Branch focuses on three major business segments, which are corporate banking, financial markets and private banking and wealth management business.

In addition, the Bank is an institution registered with the Securities and Futures Commission of Hong Kong and may through the Hong Kong Branch conduct the following regulated activities: type 1 dealing in securities and type 4 advising on securities.

Hong Kong Regulatory Guidelines

The banking industry in Hong Kong is regulated by and subject to the provisions of the Banking Ordinance and to the powers and functions ascribed by the Banking Ordinance to HKMA. The Banking Ordinance provides that only banks, which have been granted a banking licence ("**licence**") by HKMA, may carry on banking business (as defined in the Banking Ordinance) in Hong Kong and contains controls and restrictions on such banks ("**licensed banks**").

The provisions of the Banking Ordinance are implemented by HKMA, the principal function of which is to promote the general stability and effectiveness of the banking system, especially in the area of supervising compliance with the provisions of the Banking Ordinance. HKMA supervises licensed banks through, amongst others, a regular information gathering process, the main features of which are as follows:

- each licensed bank must submit a monthly return to HKMA setting out the assets and liabilities of its principal place of business in Hong Kong and all local branches and a further comprehensive quarterly return relating to its principal place of business in Hong Kong and all local branches and HKMA has the right to allow returns to be made at less frequent intervals;

- HKMA may order a licensed bank, any of its subsidiaries, its holding company or any subsidiaries of its holding company to provide such further information (either specifically or periodically) as it may reasonably require for the exercise of its functions under the Banking Ordinance or as it may consider necessary to be submitted in the interests of the depositors or potential depositors of the licensed bank concerned. Such information shall be submitted within such period and in such manner as HKMA may require. HKMA may also require a report by the licensed bank's auditors (approved by HKMA for the purpose of preparing the report) confirming whether or not such information or return is correctly compiled in all material respects;

- licensed banks may be required to provide information to HKMA regarding companies in which they have an aggregate of 20 per cent. or more direct or indirect shareholding or with which they have common directors or managers (as defined in the Banking Ordinance), the same controller (as defined in the Banking Ordinance), with common features in their names or a concert party arrangement to promote the licensed bank's business;

- licensed banks are obliged to report to HKMA immediately of their likelihood of becoming unable to meet their obligations;

- HKMA may direct a licensed bank to appoint an auditor to report to HKMA on the state of affairs and/or profit and loss of the licensed bank or the adequacy of the systems of control of the licensed bank or other matters as HKMA may reasonably require; and

- HKMA may, at any time, with or without prior notice, examine the books, accounts and transactions of any licensed bank, and in the case of a licensed bank incorporated in Hong Kong, any local branch, overseas branch, overseas representative office or subsidiary, whether local or overseas, of such licensed bank. Such inspections are carried out by HKMA on a regular basis.

DESCRIPTION OF THE BANK

The section entitled "Description of the Bank" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

Overview

The Bank is the first national joint stock commercial bank in the PRC primarily founded by non-state-owned enterprises and the only non-state-owned PRC joint stock commercial bank. Since its establishment in 1996, the Bank has grown significantly and, as at 30 June 2024, the Bank ranked fifth amongst the listed PRC joint stock commercial banks in terms of total assets, according to public disclosure of PRC joint stock commercial banks. As at 30 June 2024, the Bank remained one of the national systematically important banks in China. The Bank completed the domestic initial public offering and listing on the Shanghai Stock Exchange of its A shares on 19 December 2000, and the initial public offering and listing on the HKSE of its H shares on 26 November 2009.

As at 30 June 2024, the Group's total assets, total loans and advances to customers, and total deposits from customers (excluding accrued interest) amounted to RMB7,551.0 billion, RMB4,423.2 billion and RMB4,064.7 billion, respectively. For the six months ended 30 June 2024, the Group had a net profit of RMB22.7 billion. The Group delivered steady returns for the six months ended 30 June 2024, achieving annualised return on average assets and annualised return on weighted average equity of 0.60 per cent. and 7.04 per cent., respectively. As at 30 June 2024, the Group's NPL ratio was 1.47 per cent.

The Bank has received a number of honours and awards for its business performance, management capability and corporate governance. For example, some of the honours and awards received in the past two years include:

- the "Top 100 Listed Companies in ESG Performance in China (中國ESG上市公司先鋒100)" by the CCTV, the "2023 ESG Role Model Enterprise (2023年度ESG典範企業)" by Boao Enterprise Forum and the "2024 ESG Role Model Enterprise Award (2024 ESG典範企業獎)" by 2024 International Green Zero-Carbon Festival in 2024;

- the China Auto Industry and Finance Pilot Award – "Innovative Enterprise Award" (中國汽車產業與金融領航獎–"創新企業獎") at the China Auto Industry and Finance Summit in 2024;

- the "Best Private Banking – International Services and Investment" Gold Award ("最佳私人銀行–國際服務與投資"金獎) issued by the Asian Private Banker in 2024;

- "Advanced Unit in Green Bank Evaluation (綠色銀行評價先進單位)" by China Banking Association in 2023;

- "2022 Best Practice of Annual Performance Briefing (2022年報業績說明會最佳實踐)" by China Association for Public Companies in 2023;

- "China's ESG Pioneer 100 Listed Companies (中國ESG上市公司先鋒100榜單)" by Finance.cctv.com in 2023;

- "Award for 2023 Best Comprehensive Strength of Enterprise Digital Finance (2023年企業數字金融最佳綜合實力獎)" by China Financial Certification Authority (CFCA) and cebnet.com.cn in 2023;

- "Best Bank for Small Business Financial Services of the Year (年度最佳小微金融服務銀行)" by Financial Times in 2023;

- "Listed Company with Excellent Investor Relations (卓越投資者關係管理上市公司)" in the China Securities Golden Bauhinia Awards (中國證券金紫荊獎) in 2023;

- "Best Custodian Bank of the Year (年度最佳資產託管銀行)" by Financial Times in 2023;

- "Platinum Award for Commercial Banks (商業銀行組白金獎)" in the 2022 "International ARC Awards (2022年"國際年報大賽")" by the League of American Communications Professionals LLC (LACP) in 2023;

- "2023 Best Practical Cases for Rural Revitalisation of Listed Companies (2023年上市公司鄉村振興最佳實踐案例)" by China Association for Public Companies in 2023;

- "Innovative Model Award for Outstanding Inclusive Finance Case (普惠金融優秀案例創新模式獎)" by People.com.cn in 2023;

- "Outstanding Bond Investment Institution (Self-operated) (優秀債券投資機構(自營類))" by Shanghai Stock Exchange in 2023;

- "Service Excellence Award (優質服務獎)" by China Financial Futures Exchange in 2023;

- "Best Private Bank for Ultra High Net Worth Individuals (最佳超高淨值個人私人銀行)" in the 16th Selection of the "Stars of China 2023" (2023年第16屆"中國之星"評選) by Global Finance in 2023;

- "2023 Excellent Case of Risk Management Innovation (2023年度風險管理創新優秀案例)" at the China Financial Innovation Forum (金融創新論壇) by The Chinese Banker in 2023;

- "Bank of Excellent Competitiveness in Supply Chain Financial Services (卓越競爭力供應鏈金融服務銀行)" by China Business Journal in 2023;

- "Best 30 Employers in China of the Year (中國年度最佳僱主30強)" by Zhaopin.com in 2023;

- The "Best Private Banking – International Services and Investment" Gold Award ("最佳私人銀行–國際服務與投資"金獎) for the Issuer by the Asian Private Banker in 2023;

- The award of "Most Active Settlement Member – USD Over the-Counter Derivatives" ("最活躍結算會員–美元場外衍生品"卓越大獎) for the Issuer by the HKSE in 2023;

- The "Navigator Award" (Innovative Enterprise Award) of China's auto industry and financial industry for Minsheng Financial Leasing by the Global Leasing Competitiveness Forum in 2023;

- The "Excellent Innovative Wealth Management Company (卓越創新理財公司)", "Excellent Wealth Management Company in Return on Investment (卓越投資回報理財公司)" and "Outstanding Equity-Based Bank Wealth Management Product (優秀權益類銀行理財產品)" for CMBC Wealth Management by PY Standard in 2023.

The Bank is headquartered in Beijing and has established an extensive business network, which included 41 tier-one branches (excluding the Hong Kong Branch) and 105 tier-two branches (including remote sub-branches), 2,461 business outlets of sub-branches, including 1,252 general sub-branches (including business departments), 1,070 community subbranches and 139 small business sub-branches, as at 30 June 2024. Through its network, the Bank provides a broad range of corporate and personal banking products and services. The Bank also conducts treasury operations for its own account and on behalf of its customers.

For the year ended 31 December 2023, the Group's total operating income was RMB137.4 billion, as compared with RMB139.2 billion for the year ended 31 December 2022, representing a decrease of 1.3 per cent. For the year ended 31 December 2023, operating income from the Group's corporate business, retail business and other business amounted to RMB68.3 billion, RMB62.3 billion and RMB6.7 billion, respectively, representing 49.7 per cent., 45.4 per cent. and 4.9 per cent., respectively, of the Group's total operating income for the same year.

For the six months ended 30 June 2024, the Group's total operating income was RMB65.6 billion, as compared with RMB69.9 billion for the six months ended 30 June 2023, representing a decrease of 6.1 per cent. For the six months ended 30 June 2024, operating income from the Group's corporate business, retail business and other business amounted to RMB31.8 billion, RMB30.0 billion and RMB3.8 billion, respectively, representing 48.5 per cent., 45.7 per cent. and 5.8 per cent., respectively, of the Group's total operating income for the same period.

The Bank's Strengths

The Bank's principal strengths include:

The first NSOE joint stock commercial bank in the PRC banking system.

One of the fastest growing national joint stock commercial banks

- The Bank is the first national joint stock commercial bank primarily founded by NSOEs in 1996, as approved by the State Council and PBOC. The Bank was jointly established and founded by 59 sponsors, with registered capital of RMB1.38 billion. Since its establishment, the Bank has experienced rapid and successful growth to become one of the leading joint stock commercial banks in the PRC. The Bank was the first commercial bank in the PRC to complete reform of the share trading business in October 2005. The Bank was also the first bank in China to begin bank-wide reforms of business divisions. As at 30 June 2024, the Group's total assets, total loans and advances to customers, and total deposits from customers (excluding accrued interest) amounted to RMB7,551.0 billion, RMB4,423.2 billion and RMB4,064.7 billion, respectively. For the year ended 31 December 2023, the Group recorded net profit attributable to equity shareholders of the Bank of RMB35,823 million, representing an increase of 1.57 per cent. as compared to that for the year ended 31 December 2022.

Core player in the PRC banking system

- As at 30 June 2024, the Bank ranked fifth amongst listed PRC joint stock commercial banks in terms of total assets, according to public disclosure of PRC joint stock commercial banks. As at 30 June 2024, the sales network of the Bank covered 41 cities in the Chinese mainland, including 146 branch-level institutions (including 41 tier-one branches (excluding the Hong Kong Branch), 105 tier-two branches (including the remote sub-branches)), 2,461 business outlets of sub-branches, including 1,252 general sub-branches (including business departments), 1,070 community sub-branches and 139 small business sub- branches. The Bank's business scale and unique positioning gives the Bank a significant strategic importance in the banking system. In 2023, the Bank was recognised as a systemically important bank in China by the PBOC and NAFR for the third consecutive year.

Leveraging the flexibility as a non-state-owned bank coping with the ever-changing circumstances

- Facing the changes both in internal and external environment, the Bank regards talents as the source power of organisation development and culture as the core driving force of long-lasting development, while keeping the market-oriented system and mechanism unchanged. Upholding the concept of "satisfaction of customers comes from satisfaction of employees", the Bank reshapes the underlying logic of human resources to comprehensively enhance the bank culture.

- In addition, for the purpose of winning the trust and respect of customers, and with the direction of establishing close relationship with stakeholders, the Bank optimises basic products offering and basic services, innovatively carries out the practices of social responsibility, and improves sincere services and considerate services, striving to make the "time-honoured Minsheng Bank" a respected financial brand.

- Furthermore, by thoroughly implementing national strategies, the Bank enhanced its capabilities in serving the manufacturing industry and green finance, speeded up its deployment in such sectors as new energy, and dedicated, refined, distinctive and innovative fields, vigorously developed inclusive finance, supported rural revitalisation, and strengthened services for ensuring smooth supply, services for new citizens, elderly-friendly services and others, in a bid to build new development drivers.

Broad customer coverage and comprehensive product offering with particular strength on private enterprises and small and micro enterprises.

Strength on serving private enterprises and small and micro enterprises

- As the largest non-state-owned joint stock commercial bank in the PRC, the Bank believes that it has industry-leading innovation and business transformation capabilities. The Bank has become the key financial service provider for private enterprises, and its retail business such as micro-finance, community finance and private banking businesses have grown rapidly. The Bank has been recognised as one of the leading micro-lending providers in the PRC. Focusing on the strategic positioning of "a bank for NSOEs", the Bank gave full play to its advantages in serving the NSOEs and micro and small enterprises, and provided financial support for the development of the real economy. In the recent years, the Bank made continuous innovations in products and services, and built a new service ecosystem featuring openness, cooperation and win-win situation based on customer needs. The Bank actively promoted digital transformation and online inclusive finance, upgraded and launched the "Minsheng Small Business App 3.0 + Weixin mini programme", and optimised online financial services. Based on the reform and enhancement of small and micro business and assets structure, the Bank has actively promoted cross-selling and product innovation to enhance the synergies across the Group and has increased the contribution of small and micro business customers to diversify its operation. As at 30 June 2024, the balance of small business loans of the Bank amounted to RMB838,486 million, representing an increase of RMB47,270 million, or 5.97 per cent., as compared with that as at 31 December 2023.

Broad customer coverage

- The Bank serves the full spectrum of the client, covering from retail customers, micro, small, medium enterprises to large enterprises, and the Bank also takes advantage of the synergy among different client groups to further expand its client base. In recent years, the Bank implemented the philosophy of "being customer-centric and creating values for customers", formed joint service forces of "One Minsheng (一個民生)", pushed forward the integrated and coordinated development of micro, small, medium, large enterprises and retail customers, and improved service brand. As a result, the Bank witnessed relatively fast business and income growth of strategic customer groups, which fully pushed the growth of scale and efficiency of supply chain-based, ecosystem-based and retail customers.

- As to the corporate customers, as at 30 June 2024, the balance of loans (including discounted bills) to strategic clients amounted to RMB1,213,854 million, representing an increase of RMB39,466 million, or 3.36 per cent., as compared with the end of 2023. As at 30 June 2024, the number of core enterprises of strategic clients of the Bank was 1,718, representing an increase of 280, as compared with the end of 2023 and the number of financing corporate clients along the supply chains of strategic clients of the Bank was 23,627, representing an increase of 6,738, as compared with the end of 2023. As at 30 June 2024, the Bank had 37,252 institutional customers, representing an increase of 8.98 per cent. as compared with the end of 2023.

- As to the retail customers, as at 30 June 2024, the number of retail customers of the Bank was 132,033.1 thousand, representing an increase of 2.57 per cent. as compared with the end of 2023, and the number of eligible private banking customers (individual customers of the Bank with RMB6 million (inclusive) or above monthly and daily average scale of financial assets) was 60,156 representing an increase of 4,250 or 7.60 per cent., as compared with the end of 2023. As at 30 June 2024, the number of VIP customers was 4,396.2 thousand, representing an increase of 473.6 thousand as compared with the end of 2023, and the number of retail loan customers was 3,471.6 thousand, representing an increase of 208.0 thousand as compared with the end of 2023.

Comprehensive products offering

The Bank provides comprehensive products offering to its clients, including transaction banking, investment banking and intermediary banking services. In particular, the Bank is strong on providing various types of products to its micro, small, medium enterprises customers. In addition, in response to the changing market environment and the national policy, the Bank resolutely implemented national low-carbon transformation strategy, actively fulfilled ESG responsibilities, proactively integrated itself into the great picture of green development, constantly improved the marketing management system and continuously improved the quality and efficiency of green financial services; the Bank also proactively implemented national strategy for rural revitalisation, provided financial support to comprehensively advance rural revitalisation, continuously increased input in key fields of rural revitalisation, enhanced financial supply capability related to agriculture, rural areas and farmers, and took agricultural industry, infrastructure construction, green and sustainable development, areas that were lifted out of poverty and counties receiving focused assistance from the State as development priorities; and lastly, the Bank as well implemented the decisions and arrangements of the CPC Central Committee and the State Council for "implementing the strategy of building China into a leading manufacturer", proactively seized the opportunities in the development of green manufacturing and intelligent manufacturing industries, enhanced plan guidance and forward-looking arrangement, and tilted more resources to continuously improve the quality and efficiency in serving the real economy.

Accelerated digital transformation and pioneer in development of intelligent bank.

The Bank places heavy emphasis on digital transformation. In recent years, the Bank took digital transformation as the key driver to propel the development of the whole bank, and the Chairman served as the head of the leading group for digital transformation to strengthen coordinated management, optimise systems and mechanisms, continuously build the eco-bank and intelligent bank, enable the orderly implementation of digital transformation strategies, and effectively guide and support the high-quality operation and development of the whole bank.

The Bank strengthened top-level design and coordinated planning, and promoted orderly implementation of strategies. The coordination mechanism was improved with initial achievements. The Bank gradually improved the normalised cross-department agile mechanism, constantly deepened the cross-line coordination among business, risk management, IT, data and other departments, and continuously improved the R&D and iteration efficiency of innovative products. The Bank made breakthroughs in major bank-level agile projects, launched the smart decision-making product of "Minsheng Benefits" for proactive small business credit granting, and realised the upgrading of marketing model and the optimisation of risk control logic. In addition, the Bank put into operation the digital coordinated office platform of "iMinsheng (i民生)" in the whole group, effectively helping enhance the office efficiency and the cultural change of the Bank. The Bank also strengthened scenario construction and ecosystem connection, and enhanced the service capabilities of ecosystem finance. The Bank continued to innovate data-based credit enhancement products, launched the E-Procurement-Data-Based Credit Enhancement (採購e–數據增信) product for self-employed customer groups on the basis of E-Procurement-Data-Based Credit Enhancement product for legal persons, optimised data risk control models and credit evaluation systems, and formed a supply chain finance service system covering all customer groups, i.e. micro, small, medium, large and retail customers. For micro, small and medium export enterprises, the Bank launched the online credit product of "E-Export Finance (出口e融)". The Bank reshaped the process of supply chain business, applied the online smart risk control model and index system of supply chain finance to offline credit approval operations and post-loan management, and added functions such as graded and layered push of risk signals and multi-channel information notification, in a bid to support the integrated development of all customer groups.

By accelerating the improvement of key digital capabilities, the Bank created a new engine for the development of intelligent bank. The Bank built an intelligent marketing brain to improve its marketing strategy decision making process; the Bank improved the smart risk control system to enable more accurate, efficient and smarter risk control system; the Bank enhanced the quality and efficiency of its digital operation; the Bank upgraded the experience of online service channels and fully implemented the concept of "rich, smart, fast and safe"; the Bank improved its capabilities in digital products and services by building digital product factories and innovating products and services for payment and settlement; and the Bank empowered its business decision-making with the Business Intelligence platform so that the Bank was more intelligent in making decisions on business and management.

With all the efforts invested in the digital transformation, the Bank became the pioneer in terms of intelligent bank: the Bank created China's first core system running on a distributed architecture which is the first design enabling seamless customer migration, achieving zero system downtime and uninterrupted service; the Bank also transformed the underlying foundation through comprehensive digital upgrade and established an ecological dynamic system, breaking through the bottlenecks of banks being fragmented as a result of product and department centric institution; and the Bank successfully implemented "all member coordination, full journey connection, and all channel data connectivity" to achieve an end to end full journey customer service experience, developed a series of supply chain data based inclusive financial products, and created an ecological service platform for small and micro enterprises.

Prudent and comprehensive risk management system enabling stable asset quality.

The Bank's experienced risk management team continually develops and improves its risk management structure, procedures, tools and technology to monitor, assess and manage credit, market, liquidity and operational risks. As its risk control capability consistently improves, the Bank's asset quality continues to maintain at a level that outperforms industry average. The Bank is one of the first banks in the PRC banking industry to establish a comprehensive integrated risk management system requiring all approvals to come from its headquarters, and its risk management team has extensive risk management experience. The Bank continues to improve its risk management in order to improve its asset quality. As at 31 December 2021, 2022 and 2023, and as at 30 June 2024, the Group's impaired loan ratio[5] was 1.79 per cent., 1.68 per cent. and 1.48 per cent., and 1.47 per cent., respectively, with a loan coverage ratio[6] of 2.60 per cent., 2.39 per cent. and 2.22 per cent., and 2.19 per cent., respectively. As at 30 June 2024, the Group's NPL ratio was lower than the industry average of 1.56 per cent. disclosed by NAFR.

The Bank has focused on asset quality in assessing the performance of its business. The Bank has established independent credit assessment, approval and monitoring procedures, and rationalised its loan asset portfolio by establishing procedures to identify and limit its exposure to high credit risk areas. The Bank uses advanced market risk and liquidity risk monitoring and analysis tools in order to identify, measure and manage liquidity risk and market risk. Through this process the Bank has sought to cultivate a culture of prudent and comprehensive risk management across its business.

The Bank also enhanced the effectiveness and efficiency of risk management and control, and strengthened early-warning management and capital flow monitoring through differentiated authorisation and process optimisation, so as to continuously enhance risk management effectiveness and efficiency. In addition, the Bank accelerated the construction of smart risk control system to improve its digitalised, online-based and smart risk management.

Experienced senior management team, sound corporate governance and skilled workforce.

The Bank has a senior management team with an average of 20 years of experience in financial industry and management. For example, the Bank's Chairman of the Board, Mr. GAO Yingxin, has over 20 years of financial industry experience and previously served as vice chairman and the chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited. Mr. WANG Xiaoyong, prior to being appointed as the vice chairman and president of the Bank, served various roles, including as the president of the Chongqing Branch, the general manager of the Channel and Operation Management Department, and the president of the Sichuan Branch of China Construction Bank, from April 1996 to February 2024.

The Bank relies on advanced human resources management principles, including a competitive incentive scheme and an advanced training system to motivate its workforce and attract and retain qualified personnel. The Bank maintains a highly skilled workforce and regularly provides a variety of training programs to its employees. In addition, the Bank has a formalised college recruitment programme to attract talented employees, and has established the Minsheng Bank Training Institute to improve the quality of its workforce.

5 The closing balance of the non-performing loans divided by the closing balance of the gross loans and advances to customers.

6 The closing balance of total allowance for impairment losses divided by the closing balance of total loans and advances to customers.

Model of practising ESG philosophy.

The Bank has been the model of practising ESG philosophy with its Corporate Social Responsibility Report published for 11 consecutive years and the Environmental, Social and Governance Report published for 8 consecutive years, and for the first half of 2023, the Bank published its Interim Special Report on Sustainable Development which is the first among the PRC joint-stock commercial banks. In 2023, MSCI elevated the Bank's annual ESG rating from BBB to AA, the highest in the domestic banking industry. In addition, the Hong Kong Branch published its first Green Bond Allocation and Impact Report for its debut offshore green bond in 2024.

The Board attached great importance to ESG, elevated ESG issues to an important position in corporate governance, and ensured to integrate ESG issues into all aspects of corporate governance, such as decision-making, supervision and implementation. The Board comprehensively supervised the implementation of ESG policies and plans (such as the Five-Year Development Plan for Consumer Rights Protection of China Minsheng Bank (2021-2025), the Five-Year Plan for Green Finance Development of China Minsheng Bank (2021-2025) and the Five-Year Development Plan for Inclusive Finance of China Minsheng Bank (2021-2025)), continued to improve the ESG governance structure, regularly reviewed ESG reports, studied and discussed on ESG issues, guided and supervised the management to carry out ESG related work, disclosed information in accordance with laws and regulations, and continued to improve the quality of ESG disclosure. The Bank formulated the Administrative Measures on Green Finance of China Minsheng Bank to clarify the Bank's green finance management system and the division of duties and management requirements inside the Bank.

The Bank implemented the strategic policies, decisions and arrangements on rural revitalisation of the CPC Central Committee and the State Council, with the promotion of key financial products, such as "Photovoltaic Loan (光伏貸)", "Revitalisation Loan (振興貸)", and the commercial vehicle leasing product of "Minsheng Easy Leasing (民生易租)", and has taken multiple measures including "One Branch Supporting One Township (一行興一鄉)", "Joint Hands Plan with Strategic Clients (戰略客戶攜手計劃)" and "New Business of Financial Assistance and Benefit to Farmers (金融助農惠農新業務)", thus embarking on a characteristic road of rural development via financial services. As at 30 June 2024, the balance of loans to areas lifted out of poverty of the Bank amounted to RMB47,322 million, and that of loans to counties receiving focused assistance from the State for rural revitalisation amounted to RMB9,855 million, and the balance of inclusive small business loans of the Bank amounted to RMB646,257 million, representing an increase of RMB33,988 million, or 5.55 per cent., as compared with the end of 2023. The Bank was also dedicated to green and carbon trading production innovation by launching "E Carbon Loan (碳e貸)", "Emission Reduction Loan (減排貸)", "Carbon Emission Rights Guarantee Loan (碳權擔保貸款)" and "Pollutant Emission Rights Pledge Loan (排污權抵質押貸款)". As at 30 June 2024, the balance of green credit of the Bank amounted to RMB297,829 million, representing an increase of 12.71 per cent. as compared with the end of 2023, with the growth rate higher than the average of all loans.

In the first half of 2024, the Bank made multiple honorary achievements in the works related to the improvement of ESG management, including the "Top 100 Listed Companies in ESG Performance in China (中國ESG上市公司先鋒100)" by the CCTV for many consecutive years, the "2023 ESG Role Model Enterprise (2023年度ESG典範企業)" by Boao Enterprise Forum, and the "2024 ESG Role Model Enterprise Award (2024 ESG典範企業獎)" by 2024 International Green Zero-Carbon Festival.

The Bank's Strategies

The Bank aims to become a first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation.

2021-2025 is the strategic period for the Bank, which is divided into two development stages. The first stage (2021-2022) is the period to consolidate foundation, during which, the Bank has transformed the growth pattern by laying a sound foundation and consolidating the origins of businesses. The second stage (2023-2025) is the period of continuous growth, during which, the Bank will enhance its market competitiveness and achieve high-quality and sustainable development by strengthening capabilities and improving quality and effectiveness.

The year 2024 is a key stage for the Bank to enter the period of continuous growth outlined in the Five-Year Development Plan (2021-2025) (《五年發展規劃(2021-2025)》). It must resonate with the Chinese economy at the same frequency, conform to the national strategies and development trends, and follow the decisions and arrangements of the Central Financial Work Conference, to grasp future economic growth opportunities and comprehensively promote high-quality development. The Bank will focus on three aspects: Firstly, adopting a long-term perspective and reinforcing its foundation. The Bank will establish enduring confidence and embrace a counter-cyclical operational philosophy. Respecting the market and maintaining resilience, the Bank will, in the transition from old to new growth drivers, foster new momentum and explore innovative arenas, and grow together with customers. Secondly, respecting customers and pursuing common development. The Bank will pay more attention to basic customers and services, integrated operations and one-stop services, in order to improve customer satisfaction and create value for customers. Thirdly, following cultural guidance and making steady progress for long-term development. Adhering to the philosophies of being honest and trustworthy, generating ethical profits, being prudent and cautious, and putting people first, the Bank will unite ordinary efforts to create extraordinary outcomes, and spread the positive energy of China Minsheng Bank.

The whole bank will maintain its strategic focus, seek progress while maintaining stability, promote stability through progress, and further practise the core values of corporate culture, namely "customer first, people-oriented, and steady progress for long-term development". Around the work mainstay of "seizing opportunities, optimising structure, controlling risks and promoting growth", the Bank will enhance resilience, stabilise interest margin, further strengthen strategic focus, make breakthroughs in key businesses, products and regions, and create differentiated competitive advantage. In terms of overall strategy, the Bank will focus on restructuring on the asset side and breakthroughs on the liability side. The Bank will optimise customer and asset structures by adjusting the asset side, reduce cost on the liability side by deepening customer management, make in-depth application of key products, in order to stabilise net interest margin and income levels. The Bank will keep up with the pace of the Chinese economy's transition from old to new growth drivers, seize the opportunities in the transformation and upgrading of traditional industries to overpass economic cycles. The Bank will also target strategic emerging industries, green energy, advanced manufacturing, and macro consumption sectors, identify and take advantage of trends and opportunities, and gradually build a new model of "industry-technology-finance". In terms of asset construction, the Bank will underscore portfolio management and comprehensive efficiency improvement to achieve "Two Stabilities and Four Advancements (Two stabilities refer to stabilities of the general situation and the foundation. Four advancements refer to advancements in economic growth, maintaining social harmony and stability, cultural development and ecosystem construction). The Bank will consolidate the "base" of strategic clients and high value customers, engage in in-depth development, ensure the preservation of high-quality assets, and further optimise business structure. The Bank will accelerate efforts in advancing "growth segments" including supply chain business, small and medium-sized sci-tech innovation enterprises, inclusive small business, and consumer credit. In terms of liability quality management and intermediate business income, the Bank will optimise the asset-liability structure, deepen five aspects including payment and settlement, institutional ecosystems, payroll agency, asset synergy and wealth management. This strategy will enable the Bank to effectively reduce liability costs and steadily increase intermediate business income.

The Bank also aims to strategically position itself as a bank for the NSOEs, an agile and open bank and a bank with considerate services, with the following strategies:

- A bank for NSOEs: the Bank sticks to the customer positioning and strategic choice it has followed over the years, and keeps its distinctive features unchanged. The Bank continues to leverage the advantages of market-oriented system and mechanism, wholeheartedly supports the development of the real economy, and strives to become a bank with the best services for NSOEs and build a golden brand of China Minsheng Bank in the field of financial services to micro, small and medium customers, so as to truly implement the mission of "serving the public, caring about people's livelihood".

- An agile and open bank: following the development trend of digital economy, the Bank promotes continuous innovation and seeks for breakthroughs in technology-driven eco-bank to optimise comprehensive services such as scenario integration and ecosystem co-construction. The Bank creates value for customers and grows together with them by empowering the whole production process and life journey of small, medium and large customers as well as individual customers. The Bank strives to push the data-driven intelligent banking to a new level and elevate the digital intelligence level of operation and management in all aspects, in a bid to provide agile and efficient comprehensive services with ultimate customer experience

- A bank with considerate services: the Bank stays customer-centric and puts special emphasis on its origins of service and business, compliance and steadiness. Based on the deep understanding of customer needs, the Bank strives to build up trust through professional services, enhance customer experience through optimised procedures, strengthen customer stickiness through value creation, and maintain security through risk management and control, so as to unite with customers and partners, become customers of each other, grow together and achieve common prosperity.

In addition, the Bank continued to be focused on green development, actively promoted the layout of green finance, and gave play to the leverage effect of finance to facilitate the development of green economy, low-carbon economy and circular economy. The Bank paid attention to guarding against environmental and social risks, restricted credit granting to industries with high pollution and high energy consumption, and accelerated the exit of enterprises with outdated production capacity, in a bid to propel the industrial structure adjustment. The Bank also advocated green office, practised green operation, and promoted suppliers to fulfil their environmental and social responsibilities through green purchase.

Principal Business Activities

The Bank's business activities include three principal lines of business: corporate banking, retail banking and others. The following table sets forth the contribution of each line of business to the Group's total assets (excluding deferred income tax assets), operating income and profit before income tax for the six months ended/as at 30 June 2024:

	Total assets (excluding deferred income tax assets)	Operating income	Profit before income tax
		RMB million	
Corporate business	4,722,383	31,833	16,973
Retail business	1,860,240	29,973	7,728
Other[1]	910,559	3,783	(1,225)
Total	**7,493,182**	**65,589**	**23,476**

Note:

(1) The Group's other businesses include bond investments and money markets transactions which conducted on-demand for liquidity management, and those other businesses which cannot form a single reportable segment, and those costs cannot be separated into any sections, and businesses of subsidiaries.

Corporate Banking

Overview

The Bank offers a broad range of products and services, including corporate loans, trade finance, bill discounting, corporate deposits, and fee and commission-based services, which comprise settlement, guarantees, custody and corporate annuities, foreign exchange services, entrusted loans and cash management services.

For the six month ended 30 June 2024, the Bank constantly carried out marketing system reform of corporate business, deepened the layered and classified customer marketing services, solidly pursued integrated operation and comprehensive services, and strengthened the business system consisting of multiple drivers of "strategic customer group + basic customer group + small business customer group + institutional customer group" and with two wings of "basic products + eco-finance", so as to consolidate the sustainable development foundation of corporate business. Meanwhile, the Bank actively integrated itself into the great picture of national development, thoroughly implemented the spirit of the Central Financial Work Conference, and gave more financial support to sci-tech finance, green finance, rural revitalisation, high-end manufacturing and other important fields of the real economy, in an effort to contribute to the development of "five major sectors" and fulfill the Bank's social responsibility.

As at 30 June 2024, the number of core enterprises of strategic clients of the Bank was 1,718, representing an increase of 280, as compared with the end of 2023 and the number of financing corporate clients along the supply chains of strategic clients of the Bank was 23,627, representing an increase of 6,738, as compared with the end of 2023. Corporate banking accounted for 52.36 per cent., 48.82 per cent., 49.7 per cent. and 48.53 per cent. of the Group's total operating income for the years ended 31 December 2021,2022 and 2023 and the six months ended 30 June 2024, respectively. The Group's corporate loans and advances accounted for 56.96 per cent., 57.94 per cent., 59.69 per cent. and 60.44 per cent. of its total loans and advances to customers of the Group, as at 31 December 2021, 2022 and 2023, and as at 30 June 2024, respectively, and the Group's corporate deposits accounted for 77.97 per cent., 74.28 per cent., 71.65 per cent. and 68.22 per cent. of its total deposits from customers of the Group as at 31 December 2021, 2022, 2023 and 30 June 2024, respectively.

Corporate Banking Products and Services

The Bank provides corporate banking products and services for corporate customers, government agencies and financial institutions, including corporate deposits, corporate loans, investment business, interbank business, financial markets business and various corporate intermediary business.

Corporate Deposits

Corporate deposits include demand deposits and time deposits, denominated predominantly in Renminbi but also in major foreign currencies. The Bank accepts short-term, medium-term and long-term deposits from its corporate customers. The Bank also offers certain negotiated deposit products for which the Bank is permitted to negotiate interest rates. As at 30 June 2024, total corporate deposits of the Bank amounted to RMB2,772,848 million, representing a decrease of RMB296,083 million, or 9.65 per cent., as compared with that as at 31 December 2023.

Corporate Loans

Corporate loans have historically comprised the largest portion of the Group's loan portfolio, and substantially all of its corporate loans are made to customers in the PRC. The Group's corporate loans include short-term, medium-term and long-term loans. The Group's corporate loans (including discounted bills) amounted to RMB2,304.4 billion, RMB2,399.3 billion, RMB2,617.4 billion and RMB2,673.6 billion as at 31 December 2021,2022 and 2023, and as at 30 June 2024, respectively. The Group's corporate loans consist primarily of RMB-denominated loans, with a small portion of foreign currency-denominated loans.

Under the PBOC's guidelines, short-term loans are loans with maturities of one year or less. The Bank's short-term loan products consist primarily of working capital loans. The majority of the Bank's short-term loans are secured by either real property or securities, or are guaranteed by a third party.

Under PBOC guidelines, medium-term and long-term loans are loans with maturities greater than one year. The Bank offers various types of medium-term and long-term loans for a wide range of business purposes, including infrastructure, technology and real estate developments. The Bank also acts as arranger, manager and/or lender of syndicated loans to its customers to meet their needs for larger loans.

Investment banking

The Bank provides its corporate customers with consulting and financial advisory services. These services include formulating overall financing plans and structuring financing solutions, as well as arranging credit provided to its customers. The Bank also provides project management services to its customers to ensure that funds are allocated and used in accordance with their relevant financing plans. In addition, the Bank advises on mergers and acquisitions, capital raising, investments, restructuring, asset management, business integration and private equity financing.

For the year ended 31 December 2023, adhering to strategic orientation, services for customer groups, consistency and innovation, and risk prevention, the Bank continued to enrich application scenarios, and innovated operation models, so as to meet customers' financial demands in an all-round, diversified and comprehensive manner. Firstly, the Bank proactively responded to the policies of the PRC government, and enhanced resource allocation in key fields supported by the PRC government, such as large infrastructure, the manufacturing industry, new energy and new materials, thereby facilitating the development of the real economy. As at 31 December 2023, the balance of M&A loans of the Bank amounted to RMB173,534 million, basically unchanged as compared with the end of 2022. The balance of domestic syndicated loans (excluding M&A syndicated loans) amounted to RMB185,802 million, representing an increase of 65.53 per cent. as compared with the end of 2022. Secondly, the Bank strove to develop sci-tech finance, and further improved the quality and efficiency of finance in serving sci-tech innovation enterprises by strengthening the top-level design, upgrading products and services, strengthening risk management and control, accelerating smart application and other measures. The Bank upgraded its strategy, set up the Sci-Tech Finance Department at the Head Office as well as distinctive business units and sub-branches for sci-tech finance in key regions, introduced innovative products such as "E-Easy Innovation Loan (易創E貸)", which have gained market recognition, and offered in-depth services to more than 18 thousand "dedicated, refined, distinctive and innovative (DRDI)" enterprises. As at 31 December 2023, the Bank provided credit support for technology enterprises represented by the DRDI customer group exceeding RMB160 billion, representing an increase of 36 per cent. as compared with the end of 2022. Thirdly, the Bank focused on serving national key strategies, and innovatively underwrote carbon neutrality bonds, green finance bonds, sustainable development-linked bonds, rural revitalisation bonds, and high-growth bonds, etc. For the year ended 31 December 2023, the bonds issued by the Bank amounted to RMB331,144 million, of which, the Bank underwrote 706 debt financing instruments of non-financial enterprises with the amount of RMB318,188 million.

For the six months ended 30 June 2024, adhering to strategic orientation and services for customer groups, the Bank enriched application scenarios and innovated operation models, so as to satisfy customers' financial demands in an all round, diversified and comprehensive manner. Firstly, the Bank worked on the major sector of "sci-tech finance", and took multiple measures to further improve the quality and efficiency of finance serving sci-tech innovation enterprises. As at 30 June 2024, the Bank provided over RMB400 billion credit support for sci-tech enterprises represented by the DRDI customer group. Secondly, the Bank focused on national strategies, enhanced resource allocation and supported the real economy. As at 30 June 2024, the balance of M&A loans and domestic syndicated loans of the Bank amounted to RMB379,393 million, representing an increase of 5.58 per cent. as compared with that as at 31 December 2023. Thirdly, the Bank innovatively underwrote sci-tech innovation-related bills, green bonds, sustainable development-linked bonds, and bonds related to serving agriculture, rural areas and farmers. For the six months ended 30 June 2024, the bonds issued by the Bank amounted to RMB143,338 million, of which, the Bank underwrote 379 debt financing instruments of non-financial enterprises with the amount of RMB135,888 million.

Transaction Banking

The Bank has set up the Transaction Banking Department to enhance services, restructure product systems, foster innovative mechanisms and construct IT platforms and systems. Transaction banking business mainly focuses on trade finance through corporate network financing and cash management. The Bank also extends its service scope to logistics, capital flow, information flow and other aspects of enterprises, with an aim to provide a comprehensive package of financial services solutions for enterprises and enhance types and capabilities of customer services.

Supply Chain Finance

The Bank puts emphasis on key businesses such as automobile, liquor, home appliance, construction and pharmaceutical. Based on the characteristics of each industry, the Bank helped customers by offering tailor-made financial solutions based on product packages and innovative services, to improve and refine supply chain product series. For the six months ended 30 June 2024, the Bank continued to organise the supply chain finance customer conventions (客商大會) with the theme of "Supply Chain-Based Development (以鏈為基綻放光芒)". A total of 30 conventions were hosted during the six months ended 30 June 2024, enabling the precise acquisition of marketing clues of customers along the supply chains. Meanwhile, the Bank strengthened the driving force of strategic clients and pushed marketing clues to the small and medium-sized enterprise (SME) customer group to acquire customers. The rate of successful customer conversion reached more than 20 per cent. As at 30 June 2024, the balance of supply chain business of strategic clients amounted to RMB144,046 million, representing an increase of RMB19,864 million as compared with the end of the previous year. The number of core enterprises of strategic clients was 1,718, representing an increase of 280 as compared with the end of the previous year. The number of financing corporate clients along the supply chains of strategic clients was 23,627, representing an increase of 6,738 as compared with the end of the previous year.

Corporate Non-interest Income Business

The Bank offers a wide range of non-interest-based income products and services, mainly including settlement, guarantee, custody and corporate annuity, foreign exchange, consulting and financial advisory, entrusted loans and cash management services. The Bank's corporate non-interest income has grown significantly in recent years.

Settlement Services

The Bank provides settlement services in connection with its domestic and international corporate banking businesses. The Bank's domestic settlement services include settlement through cash, drafts, promissory notes, cheques and other negotiable instruments. The Bank also offers entrusted collection, payment and disbursement services to its corporate customers. The Bank's international settlement services include remittance and collection, and the provision of letters of credit.

Guarantee Services

The Bank provides bank guarantee services to its corporate customers. Such services include, amongst others, the provision of tender, performance, advance payment, customs and loan guarantees, and the processing of trade tariff payment guarantees. The Bank also requires its customers to provide various forms of security for the provision of such guarantees as part of its risk management in offering guarantee services. As at 31 December 2021, 2022 and 2023, and as at 30 June 2024, the Group's balance of guarantees totalled RMB146,076 million, RMB134,395 million, RMB130,996 million and RMB136,628 million, respectively.

Agency Services

The Bank provides entrusted lending services to its customers who elect to make loans on an entrusted basis through commercial banks. The Bank extends entrusted loans and collects payments on behalf of its customers. The Bank's customers assume the credit risks of these loans, and the Bank charges an agency fee based on the size of the entrusted loan.

NSOE strategy

With focus on NSOE customer groups, the Bank has further innovated the "five-in-one" service model. It has also refined the segmentation and classification of its customers and established a digitalised, standardised and process-based SME business model, which has provided comprehensive and professional financial solutions to strategic NSOEs, niche NSOEs, small and medium NSOEs and small and micro customers.

Focusing on the strategic positionings of "a bank for NSOEs, an agile and open bank, and a bank with considerate services", for the year ended 31 December 2023, the Bank gave full play to the characteristics of the systems and mechanisms, and dedicated to becoming the preferred bank for NSOEs as well as MSMEs. The Bank stayed open and connected, implemented ecosystem-sharing, and empowered customers to achieve win-win cooperation. The Bank adhered to being honest and professional, being attentive and sincere, and dedicated to becoming a reliable bank with heart-warming services.

The Bank iterated and upgraded the product series of "Minsheng E-Chain (民生E鏈)", including E-Procurement-Data-Based Credit Enhancement (採購e-數據增信), E-Procurement-Strong Credit Enhancement (採購e強增信), E-Order (訂單e), E-Credit Finance (信融e) and Supply Chain Bills (供應鏈票據), and constantly optimised the product series of "Minsheng Express Loan (民生快貸)", such as Government Procurement Fast Loan (政採快貸) and Goods Ordering Fast Loan (訂貨快貸). The Bank duplicated and promoted the internet ecosystem-based loan model in cross-border e-commerce, and developed innovative products such as E-Export Finance (出口e融) and Goods Supply Fast Loan (供貨快貸). The Bank also constantly promoted the full-process centralised operation of the product series of "Minsheng E-Chain", and developed the ecosystem service platform for MSMEs, to enable them to improve operation capabilities and realise digital transformation. As at 30 June 2024, the financing balance of ecosystem finance business amounted to RMB174,283 million, representing an increase of 27,221 million, as compared with the end of the previous year.

Retail Banking

Overview

The Bank offers a wide range of products and services to retail customers, including loans, deposits, debit cards, credit cards, wealth management and other services. For the year ended 31 December 2023 and the six months ended 30 June 2024, the Bank continued to implement the development strategy of taking retail business as a long-term and fundamental strategic business in an in-depth manner. For the year ended 31 December 2023, the Bank pushed forward the integrated development of customer groups, and continuously enhanced the capability of segmented customer groups management. The Bank upgraded the product and service system, strengthened digital management capabilities, and delivered extraordinary customer experience, in an aim to foster competitive advantages of retail business in the market. Further, for the six months ended 30 June 2024, the Bank strengthened the cross-segment coordinated development, pushed forward the integrated development of customer groups, and continuously enhanced the capability of managing segmented customer groups. The Bank also upgraded the product and service system, strengthened digital management capabilities, and improved customer experience, in an aim to foster competitive advantages of retail business in the market.

For the year ended 31 December 2023, the profit before income tax of retail banking business of the Bank amounted to RMB24,668 million, representing an increase of 7.11 per cent. as compared with that for the year ended 31 December 2022. The operating income from retail banking business amounted to RMB62,316 million, representing a decrease of 4.06 per cent. as compared with that for the year ended 31 December 2022, of which, the net interest income from retail banking business amounted to RMB50,737 million, representing a decrease of 2.92 per cent. as compared with that for the year ended 31 December 2022, accounting for 81.42 per cent. of operating income from retail banking business. The net non-interest income from retail banking business amounted to RMB11,579 million, representing a decrease of 8.75 per cent. as compared with that for the year ended 31 December 2022, accounting for 18.58 per cent. of operating income from retail banking business and 41.19 per cent. of net non-interest income from corporate and retail banking businesses of the Bank. For the year ended 31 December 2023, fee and commission income from retail wealth management of the Bank (excluding wealth management fee) amounted to RMB3,973 million, representing an increase of 10.31 per cent. as compared with that for the year ended 31 December 2022, accounting for 34.31 per cent. of the net non-interest income from retail banking business, of which, income from agency sales of funds amounted to RMB1,137 million, income from agency sales of insurance amounted to RMB1,289 million, and income from agency sales of wealth management products amounted to RMB1,505 million.

For the six months ended 30 June 2024, the operating income from retail banking business amounted to RMB29,973 million, of which, the net interest income from retail banking business amounted to RMB23,887 million, accounting for 79.70 per cent. of operating income from retail banking business. The net non-interest income from retail banking business amounted to RMB6,086 million, accounting for 20.30 per cent. of the operating income from retail banking business and 39.29 per cent. of net non-interest income from corporate and retail banking businesses of the Bank.

Retail Banking Products and Services

The Bank provides retail banking products and services for individual clients and small and micro-enterprises, including loans, credit and debit card services, wealth management, private banking and various intermediary businesses. As at 31 December 2021, 2022 and 2023, and as at 30 June 2024, the balance of the Group's personal loans and advances was RMB1,741.3 billion, RMB1,741.9 billion, RMB1,767.5 billion and RMB1,749.6 billion, respectively.

Financial assets

As at 30 June 2024, total retail AUM of the Bank amounted to RMB2,885,580 million, representing an increase of 5.65 per cent. as compared with that as at 31 December 2023, of which, the financial assets of customers holding gold and higher level cards amounted to RMB2,465,082 million, representing an increase of 6.27 per cent. as compared with that as at 31 December 2023, accounting for 85.43 per cent. of total retail AUM of the Bank as at 30 June 2024. As at 30 June 2024, the Bank's total assets of private banking customers amounted to RMB839,268 million, representing an increase of RMB62,326 million, or 8.02 per cent., as compared with that as at 31 December 2023. As at 30 June 2024, the Bank's personal deposits amounted to RMB1,263,534 million, representing an increase of RMB78,015 million, or 6.58 per cent., as compared with that as at 31 December 2023.

Retail loans

The Bank offers customer services and support for business development of small and micro-enterprises, as well as to satisfy the reasonable capital demands of residents for daily consumption and housing mortgages. For the six months ended 30 June 2024, the Bank strictly implemented the decisions and arrangements of the CPC Central Committee and the State Council on preventing and mitigating local debt risks, proactively implemented the development strategies of key regions, and promoted credit placement in key regions. Going forward, the Bank will continue to return to the service origin, continuously improve its capability to serve the high-quality development of the real economy, constantly optimise asset structure, improve the quality of assets and liabilities, and strengthen refined management, so as to relieve the downward pressure of net interest margin.

As at 30 June 2024, retail loans (including credit card overdraft business) of the Bank amounted to RMB1,932,845 million, representing an increase of RMB30,529 million as compared with that as at 31 December 2023. As at 30 June 2024, the number of retail customers was 132,033.1 thousand, representing an increase of 2.57 per cent., as compared with that as at 31 December 2023. As at 30 June 2024, the balance of credit to SMEs of the Bank amounted to RMB904,235 million, representing an increase of 7.36 per cent. as compared with that as at 31 December 2023, and the number of credit SME customers was 32,923, representing an increase of 16.78 per cent. as compared with that as at 31 December 2023.

Traditional retail business and community finance

The Bank's traditional retail business includes property mortgage loans and other loans to individual businesses, the retail deposits business and the debit card business.

The Bank entered the property mortgage loan business in 1998. Since then, its business has grown substantially, corresponding with the general increase in private home ownership in the PRC. The Bank offers mortgage loans in both the primary and secondary real estate markets.

The Bank also provides other retail loan products, including automobile loans and consumer loans. The Bank provides other loans to individuals, with terms of five years or less, for home renovation, purchases of durable consumer goods, education and other purposes. The Bank requires guarantees or collateral to secure most of these loans. The Bank's other loans to individuals represent a relatively small portion of its total retail loans.

The Bank's retail deposits include demand deposits, time deposits and notice deposits, denominated in both Renminbi and foreign currency. As at 31 December 2023, the Bank's retail savings deposits amounted to RMB1,185,519 million, representing an increase of RMB183,458 million, or 18.31 per cent., as compared with that as at 31 December 2022.

In response to the national strategy of promoting inclusive finance, the Bank promoted the upgrading of community finance business model. Operating capability and capacity of community-based banking has significantly improved as a result of a fully optimised community finance business model. As at 30 June 2024, the Bank had 1,070 community sub-branches and 139 small business sub-branches. As at 30 June 2024, the number of retail customers was 132,033.1 thousand, representing an increase of 2.57 per cent. as compared with that as at 31 December 2023.

The Bank also offers personal internet finance services to its retail banking customers, such as direct banking, mobile banking, mobile and online payments and WeChat banking. For further information see "– *E-Banking Services*" below.

Credit and debit card business

The bank has issued credit cards to customers since June 2005. The Bank's credit cards target different customer groups and provide different value-added services. The value-added services the Bank provides primarily include airport VIP lounge access, medical appointments, golf course access, roadside rescue, business travel reservations and personal legal assistance. Moreover, the Bank has launched numerous new consumer credit products, including consumer loan auto payment, consumer micro-loan and multi-loan products. During the year ended 31 December 2023, the number of new credit cards issued by the Bank was 4,394.4 thousand, representing an increase of 12.55 per cent. as compared with the corresponding period of the previous year.

The Bank began offering debit card services in 1998. Its debit card products include UnionPay, international and VIP, as well as special feature and co-branded debit cards. The Bank's UnionPay debit cards may be used through both its network and the China UnionPay network. The Bank's international debit cards may be used throughout the VISA International bank card network to conduct operations such as ATM enquiries, withdrawals and point-of-sale spending, and cardholders are also entitled to services such as overseas emergency assistance. From time to time, the Bank also introduces various types of special-feature or co-branded cards together with its alliance partners.

Private banking business

The Bank provides private banking services to individuals or families with financial assets (entrusted with the Bank). As at 30 June 2024, the number of eligible private banking customers[7] reached 60,156 representing an increase of 4,250, or 7.60 per cent., as compared with that as at 31 December 2023. As at 31 December 2023, the number of eligible private banking customers reached 55,906, representing an increase of 4,412, or 8.57 per cent., as compared with that as at 31 December 2022, and the total assets of private banking customers amounted to RMB757,285 million, representing an increase of RMB52,044 million, or 7.38 per cent., as compared with the end of 2022.

Treasury Business

Interbank treasury business

The Bank has formulated classified marketing guidelines for inter-bank customers and marketing plans for key inter-bank customers to effectively strengthen the coordination with customers and comprehensive marketing efforts. Based on customer assessment and customer value, differentiated marketing and service systems were established.

For the six months ended 30 June 2024, the Bank adhered to market-oriented operation, promoted continuous optimisation of treasury business structure and realised steady operation of assets and liabilities. Firstly, the Bank optimised the structure of interbank liabilities, reduced liability costs, increased the issuance of IBNCD, stabilised the size of interbank demand deposits, and enhanced the stability of interbank liabilities. Secondly, the Bank effectively seized market opportunities to arrange asset placement in a reasonable manner.

Financial markets business

The Bank is involved in the financial markets businesses such as: fixed-income business, foreign exchange business, precious metals business and structured products.

7 Private banking customers refer to individual customers of the Bank with RMB6 million (inclusive) or above monthly and daily average scale of financial assets.

In terms of fixed-income business, the Bank continuously deepened the reform of its bond investment business and improved portfolio management. On the one hand, the Bank improved the market-oriented, specialised and standardised management of bond business, reasonably arranged asset maturity terms, and optimised portfolio structure, hence effectively improving the liquidity and profitability of bond portfolios. On the other hand, acting as the mainstay in serving the real economy, the Bank mainly supported investment in bonds and asset-backed securitisation products in areas such as sci-tech innovation, advanced manufacturing and green development that conformed to national policy orientation, in a bid to enhance the quality and efficiency of serving the real economy. As at 30 June 2024, total bond assets of the Bank amounted to RMB1.94 trillion, of which, the bond assets denominated in RMB amounted to RMB1.84 trillion and those denominated in foreign currencies amounted to RMB105,200 million (RMB equivalent).

In terms of foreign exchange business, the Bank proactively served the real economy, consistently advocated the philosophy of exchange risk neutral and further improved the efficiency and quality of serving enterprises in hedging foreign exchange risk. The Bank enhanced business exchanges and cooperation with domestic and foreign financial institutions, consolidated the pricing and market making capabilities involving domestic foreign exchange derivatives. For the six months ended 30 June 2024, the trading volume of derivatives of the Bank in the domestic interbank foreign exchange market amounted to USD764,369 million, ranking among the top in the comprehensive ranking of market makers in the interbank foreign exchange market.

In terms of precious metals business, the Bank continued to build the integrated and comprehensive service platform encompassing “physical object, stocking, investment, trading, risk hedging and financing”. On the one hand, the Bank deepened the core products of retail precious metals business, continued to optimise product functions and improved customer experience. On the other hand, to satisfy customer demands, the Bank continued to improve the product and service system of corporate precious metals business to meet the production demands of entity enterprises in industry chains. In the meantime, the Bank earnestly fulfilled its responsibility as a market maker in the interbank price asking market and auction market of Shanghai Gold Exchange and the gold futures market of Shanghai Futures Exchange. As at 30 June 2024, the trading volume of gold of the Bank amounted to 1,090.15 tons with the trading amount reaching RMB576,140 million. The trading volume of silver amounted to 429.05 tons with the trading amount reaching RMB2,787 million.

Asset custody business

The Bank provides custody products such as public funds, banking wealth management and asset securitisation. For the six months ended 30 June 2024, the Bank reshaped its strategic goals for custody business, proactively seized market opportunities, vigorously expanded key customer groups and key products of the industry, effectively enhanced the quality and efficiency of operation and services and the capabilities in sci-tech support, and tightened comprehensive risk compliance and control, thereby achieving the high-quality development of asset custody business of the whole bank. As at 30 June 2024, total assets under the custody of the Bank amounted to RMB12.30 trillion, of which, public funds under the custody of the Bank amounted to RMB1,375.710 billion, representing an increase of 18.52 per cent. as compared with that as at 31 December 2023.

In respect of pension business, the Bank highlighted the strategic arrangement of pension services, implemented the plan of action for pension services, continued to boost its capability in annuity services, deepened the coordinated marketing mechanism for customer groups within the Bank, and improved the value-adding pension service system. The Bank held the annuity promotion activity of "Intelligent Pension Services for A Better Life (愛民生慧養老)", which enhanced the brand influence and promoted the sustainable and steady development of pension business. As at 30 June 2024, the number of personal accounts of the corporate annuity account management business of the Bank amounted to 259.8 thousand, representing an increase of 5.28 per cent. as compared with that as at 31 December 2023. The size of corporate annuity under custody amounted to RMB58,734 million, representing an increase of 6.97 per cent. as compared with that as at 31 December 2023.

Overseas Business

The Bank's Hong Kong Branch has successfully become an overseas business platform for the Bank, which enhanced the financial support available to Chinese enterprises for their overseas expansion as part of the implementation of the PRC government's "Going global" strategy and "One Belt and One Road Initiative" as well as the globalisation of Renminbi. Capitalising on the cross-border synergy with the Head Office and grasping the strategic opportunities arising from the "Guangdong-Hong Kong-Macau Greater Bay Area" and others, the Hong Kong Branch focused on providing professional cross-border financial solutions for quality customers. The Hong Kong Branch is committed to developing three major business segments, namely corporate banking, financial markets and private banking and wealth management. See "*Description of the Hong Kong Branch*" for further information.

Other Business

Financial Leasing

The Bank's subsidiary, Minsheng Financial Leasing, was established in April 2008. Minsheng Financial Leasing was one of the first five financial leasing companies with banking background approved by the former CBRC. It primarily offers financial leasing of vehicles, vessels, commercial aircraft, business jets, as well as large-scale equipment. The Bank believes that it is one of the pioneers in the vessel financial leasing market in China. The Bank also believes that it is one of the first banks in the PRC to offer operating leases for executive aircraft. Given its unique position in the financial leasing industry, the Bank believes that it is well-placed to continue its expansion in this industry.

For the year ended 31 December 2023, Minsheng Financial Leasing adhered to the origins of leasing, firmly promoted reform, transformation and high-quality development, maintained stable operating performance and continued to optimise its business structure. For the year ended 31 December 2023, the disbursement of leasing business amounted to RMB72,933 million, representing an increase of 41.07 per cent. as compared with the corresponding period of the previous year, the highest in history since its establishment. Among new disbursements, the retail and inclusive finance businesses accounted for 73.82 per cent., representing an increase of 12.14 percentage points as compared with the corresponding period of 2022. For the year ended 31 December 2023, Minsheng Financial Leasing recorded an operating income of RMB6,776 million. As at 31 December 2023, total assets of Minsheng Financial Leasing amounted to RMB190,836 million, and its net assets amounted to RMB23,271 million.

For the six months ended 30 June 2024, Minsheng Financial Leasing proactively responded to changes in the internal and external business environments, remained steadfast in its strategic orientation and the business positioning of "providing realistic leasing", and sped up reform and transformation, and made steady progress in business operations and asset quality while maintaining stability. As at 30 June 2024, total assets of Minsheng Financial Leasing amounted to RMB189,472 million and net assets amounted to RMB23,734 million. For the six months ended 30 June 2024, the operating income amounted to RMB2,993 million. For the six months ended 30 June 2024, the disbursement of leasing business of Minsheng Financial Leasing amounted to RMB41,291 million, representing an increase of 19.86 per cent. as compared with the corresponding period of 2023. Among new disbursements, the retail and inclusive finance businesses accounted for 64.73 per cent. In June 2024, Minsheng Financial Leasing won the China Auto Industry and Finance Pilot Award – "Innovative Enterprise Award" (中國汽車產業與金融領航獎–"創新企業獎") at the China Auto Industry and Finance Summit.

Investment Fund Management

In November 2008, the Bank founded the Minsheng Royal Fund, a Sino-foreign joint venture fund management company, with Royal Bank of Canada and Three Gorges Financial Company. The Minsheng Royal Fund was established with a registered capital of RMB300 million, and the Bank held 63.33 per cent. of the equity interest of the joint venture. Minsheng Royal Fund mainly engages in fund management, fund sales, specific customer asset management and other businesses approved by the CSRC.

The performance of mid- to long-term investments of Minsheng Royal Fund was outstanding. It has won the Golden Bull Awards (金牛獎) for 24 times in total, and has been well recognised by the investors and the industry. As at 30 June 2024, Minsheng Royal Fund had total assets of RMB2,459 million and its net assets amounted to RMB1,858 million. For the six months ended 30 June 2024, its net profits amounted to RMB64 million, and its net profit attributable to holders of equity shares of the Bank amounted to RMB42 million. As at 30 June 2024, the AUM of Minsheng Royal Fund amounted to RMB182,781 million, representing an increase of 7.41 per cent. as compared with that as at 31 December 2023.

CMBC International

CMBC International is a wholly-owned subsidiary of the Bank established on 11 February 2015 in Hong Kong under the approval of the former CBRC, with a registered capital of HK$4,207 million and was principally engaged in sponsorship of listing in Hong Kong, financial advisory, underwriting and issuance of bonds, asset management and wealth management, stock brokerage, equity investment and structured financing. CMBC International, through its subsidiaries, is licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities in Hong Kong by the Securities and Futures Commission. As at 30 June 2024, CMBC International had total assets and total liabilities of HK$21,092 million and HK$17,764 million, respectively. Its net assets amounted to HK$3,328 million, and total equity attributable to holders of equity shares of the Bank amounted to HK$2,743 million.

Minsheng Rural Banks

Minsheng rural banks collectively refers to the rural banks initiated and established by the Bank as a major promoter. Minsheng rural banks actively explore SME and rural financial service models with local characteristics, which closely follow the Bank's financial strategies for non-state-owned enterprises as well as small business finance. The Bank believes these rural banks effectively promote the brand name and corporate culture of Minsheng and expand the geographic coverage of its services.

As at 30 June 2024, the Bank had established 29 Minsheng rural banks with 83 business outlets. As at 30 June 2024, total assets, total deposits from customers, and total loans and advances to customers of the rural banks amounted to RMB44,116 million, RMB38,291 million, and RMB26,223 million, representing increases of RMB1,837 million, RMB2,110 million and RMB5 million as compared with those as at 31 December 2023, respectively.

CMBC Wealth Management

The Bank fulfilled the "investors' interest-first" business philosophy and adhered to the investment goals of "long-term stability and absolute returns", and continuously enhanced its core capabilities, such as investment research, product development, sales services and digital technologies, etc. The wealth management subsidiary of the Bank, CMBC Wealth Management, was established on 24 June 2022 under the approval of the former CBIRC. With a registered capital of RMB5 billion, CMBC Wealth Management is a wholly-owned subsidiary of the Bank. Its main businesses include issuance and investment management of publicly offered wealth management products, issuance and investment management of private equity wealth management products, wealth management advisory and consultancy services, and other businesses approved by the former CBIRC.

For the year ended 31 December 2023, CMBC Wealth Management adhered to the corporate mission of "creating long-term and stable wealth management returns for the people and helping achieve common prosperity", and firmly established the values of "investors' interest first" and the investment concept of "long-term stability and absolute returns". It persisted in serving the real economy and national strategies and practicing inclusive finance. As at 31 December 2023, total assets of CMBC Wealth Management amounted to RMB7,585 million, and the net assets amounted to RMB7,189 million. For the year ended 31 December 2023, its net profits amounted to RMB1,152 million. The total scale of wealth management products that were independently issued and under entrusted management amounted to RMB868,474 million.

For the six months ended 30 June 2024, CMBC Wealth Management followed the fundamental purpose of serving the real economy, and supported the development of the real economy via bond investment, project credit and equity. CMBC Wealth Management deepened the development of capital market business to serve the financing demands of listed companies and their shareholders. CMBC Wealth Management remained customer-first and investor interest-first, and proactively pushed forward inclusive finance. It enhanced the full life-cycle quality management of products, and elevated performance stability, in a bid to meet the demands of wealth management customers for products featuring low volatility and stable yields. Meanwhile, CMBC Wealth Management accelerated the expansion of third-party agency sales channels, so that its wealth management featuring low volatility and stable yields could benefit more investors. As at 30 June 2024, he number of wealth management customers increased by 16.20 per cent. as compared with that as at 31 December 2023. CMBC Wealth Management followed the green development concept, and practised green finance. It focused on industries such as energy-saving and emission-reduction, and clean energy, and integrated green factors into investment and research decision-making and product design system. CMBC Wealth Management proactively explored digital finance, and developed digital investment and research platform, in a bid to help achieve more efficient and more intelligent investment and research decision-making. CMBC Wealth Management upgraded the comprehensive risk management system, and enhanced risk monitoring efficiency. It strengthened product innovation, and enriched product offerings. In addition, CMBC Wealth Management released the products including "Daily Subscription and Quarterly Redemption (日申季贖)" and "Mu Biao Ying (目標盈)" to provide investors with more diversified choices in terms of application and redemption conditions, and proactively improved channel and customer service level by developing the sales support platform. As at 30 June 2024, the total assets of CMBC Wealth Management amounted to RMB7,907 million, and the net assets amounted to RMB7,687 million. For the six months ended 30 June 2024, its net profits amounted to RMB497 million. Total scale of wealth management products that were independently issued and under entrusted management exceeded RMB1 trillion in April 2024, and amounted to RMB955,009 million as at 30 June 2024.

Distribution Network

The Bank delivers its products and services through a variety of distribution channels, including branches, subbranches, SBUs, self-service banking centres, ATMs, customer service centres and telephone banking, Internet banking and mobile phone banking. The Bank also utilises online banking, telephone banking and mobile phone banking to serve its customers.

Branch Network

Most of the Bank's branches are organised in a hub-and-spoke structure. Its branches are responsible for operations within a geographical area, such as a province or a major metropolitan area. Each sub-branch covers several geographical sub-areas within a branch's coverage area, and functions as a full-service banking outlet for its customers.

As at 30 June 2024, the Bank had set up 42 tier-one branches and 105 tier-two branches (including remote sub-branches), 2,461 business outlets of sub-branches, including 1,252 general sub-branches (including business departments), 1,070 community subbranches and 139 small business sub-branches.

Self-Service Banking Centres and ATMs

The Bank believes self-service banking centres and ATMs provide cost-efficient alternatives to branches and sub-branches. Its self-service banking centres typically have several ATMs and enquiry machines, and offer withdrawal, account enquiry, bill payment, deposit, passcode changing, foreign currency exchange and/or fund transfer services. Its ATMs and self-service banking centres are situated at various locations, including shopping malls, supermarkets, airports, residential areas, hospitals, schools or on major streets in metropolitan areas, so as to provide convenient access to its customers and to augment its branch and sub-branch network.

The Bank is a shareholder of China UnionPay, which operates the Bank card and electronic interbank information exchange and transaction network in the PRC. The Bank's membership of China UnionPay significantly broadens its distribution network by allowing its customers to use any ATM within the network in China and overseas.

Customer Service Centres and Telephone Banking

The Bank's individual branches have been providing telephone banking services since 1999. In 2002, the Bank commenced an initiative to integrate its telephone banking services on a nationwide basis by launching a single nationwide customer service number 95568. The Bank has standardised its services, such as financial and other business enquiries, on a 24-hours a day, seven days a week basis.

The Bank currently provides nationwide telephone banking service coverage, which includes both automated voice and teller-operated services. These services include business enquiry, account information checking, inter-account transfers, funds transfers, bill payments, wealth management and appointment bookings.

The Bank also diversifies its multimedia communication channels such as WeChat to establish a multifaceted and professional service system and to improve its service quality and standard.

E-Banking

The Bank believes that it is one of the first banks in the PRC to provide customer service through a wide range of communication channels, including telephone, facsimile, short message service, mobile phone and internet. The use of these multiple channels makes it more convenient for the Bank's customers to bank with it, and further solidifies its reputation for first-class customer service.

Digital transformation

For the recent years, the Bank deeply implemented national strategic arrangements, conscientiously developed the major sector of digital finance, focused on efficiency and security enhancement, optimised the agile coordination mechanism, proactively employed sci-tech achievements, explored new development paths, and constantly iterated digital products. Its digital service capabilities continued to improve. The Bank has made significant efforts to promote the digital transformation, including: developing eco-bank and intelligent bank; and improving the base of digital transformation of the whole bank. In 2023, in accordance with national and regulatory policy guidelines, the Bank formulated and issued the new three-year sci-tech planning and the Bank's first data strategy to provide strong support for the implementation of digital finance strategy. Furthermore, the Bank has established an eco-finance product series, including 32 online products across four major categories of "Minsheng E-Chain (民生E鏈)", "Scenario Express Loan (場景 快貸)", "E-Minsheng Family", and internet consumer loans, and has simultaneously built online, centralised operation support capabilities. Additionally, the Bank put into operation the digital coordinated office platform of "iMinsheng (i民生)" across the whole Group, effectively helping to enhance the office efficiency and the cultural change of the Bank and launched the innovative online product "Minsheng Benefits (民生惠)" credit loan products.

Internet finance

The Bank has implemented the strategy of "fintech-based bank", actively explored and applied cutting-edge fintech and upgraded its internet finance platform. Continuous innovations were made in the "three banking systems (三個銀行)", namely online banking, mobile banking and WeChat banking, and the "four platforms (四個平台)", namely bank-enterprise direct connection platform (銀企直聯平台), online payment platform, digital operation platform and open banking service platform (開放銀行服務平台), which greatly improved the services of internet finance. The Bank continued to expand its market share and brand influence and received 16 awards in 2023, including the "Award for 2023 Best Comprehensive Strength of Enterprise Digital Finance (2023年企業數字金融最佳綜合實力獎)" by China Financial Certification Authority (CFCA) and cebnet.com.cn and "2023 Excellent Case of Risk Management Innovation (2023年度風險管理創新優秀案例)" at the China Financial Innovation Forum (金融創新論壇) by The Chinese Banker.

The Bank expanded channels to offer green services, built "Minsheng small business App 3.0 (民生小微APP 3.0)," reconstructed the online platform of green financing services, and realised convenient digital acceptance on the mobile terminal. For the six months ended 30 June 2024, the registered users of Minsheng small business App exceeded 1.92 million.

The Bank upgraded the experience of online service channels. In terms of online retail services, the concept of "rich, smart, fast and safe" services was fully implemented. The Bank upgraded mobile banking services for the entrepreneur customer group, optimised elderly-friendly services, and continued to improve the service quality and efficiency of segmented customer groups. The Bank launched online products of current deposit management to meet customers' needs of liquid asset allocation. The Bank expanded the smart search scenarios and helped customers enhance their smart account management capabilities by focusing on the "three sheets" of balance sheet, statement of cash flows, and income statement. The Bank optimised the security strategy for mobile banking and strengthened the security service guarantee for core scenarios such as registration, login, transfer and payment. As at 30 June 2024, online retail platform users of the Bank amounted to 116,298.3 thousand, representing an increase of 3.23 per cent. as compared with that as at 31 December 2024.

In terms of online corporate services, the service boundary was continuously expanded. The Bank realised full-process online processing of such businesses as corporate internet banking limit management, enterprise information update, account information update, and certificate validity renewal. As at 30 June 2024, online corporate platform users of the Bank amounted to 3,826.4 thousand, representing an increase of 5.69 per cent. as compared with the end of the previous year. As at 30 June 2024, there were 5,818 bank-enterprise direct connect customers, representing an increase of 12.23 per cent. as compared with the end of the previous year.

In terms of open bank, scenario-based services for win-win cooperation were created continuously. Relying on the product series of "Minsheng Cloud (民生雲)", the Bank provided "financial + non-financial" services in personnel management, financial management, expense control and management, network-based freight, agency bookkeeping and other scenarios. The Bank built two cloud wallet (雲錢包) product systems, namely Employee Wallet (員工錢包) and Eco-Wallet (生態錢包), and built standardised output capabilities for payroll agency, wealth management, loan and payment in retail scenarios.

In terms of three-dimensional service system, customer experience was constantly enhanced. The Bank continued to improve the "man-machine coordination" service capability. Relying on multidimensional data such as customer flow and business type, the Bank clarified the configuration standards for outlet equipment, optimised equipment functions, and expanded non-financial service scenarios. The Bank added account limit maintenance, dormant account activation and other online business scenarios to the "remote bank" to continuously elevate the substitution rate of counter business. The service breakpoint monitoring system proactively identified and assisted in addressing service interruptions and transaction anomalies of the operating equipment across the whole bank, significantly reducing customer complaints on the equipment side.

Ecosystem finance

The Bank's supply chain finance ecosystem covered all customer groups. The Bank continued to innovate data-based credit enhancement products, launched the E-Procurement-Data-Based Credit Enhancement product for self-employed customer groups on the basis of E-Procurement-Data-Based Credit Enhancement product for legal persons, optimised data risk control models and credit evaluation systems, and formed a supply chain finance service system covering all customer groups, i.e. micro, small, medium, large and retail customers. For micro, small and medium export enterprises, the Bank launched the online credit product of E-Export Finance. The Bank reshaped the process of supply chain business, applied the online smart risk control model and index system of supply chain finance to offline credit approval operations and post-loan management, and added functions such as graded and layered push of risk signals and multi-channel information notification, in a bid to support the integrated development of all customer groups. The Bank optimised the process of cash guarantee-based low-risk business, realised smart customer access, automatic rating and model quota verification, and introduced the auxiliary review model for loan disbursement at the in-loan stage. The Bank empowered the digital transformation of MSMEs in the chains, launched the ecosystem service platform for MSMEs, built supporting systems for platform operation and marketing, integrated services such as personnel management, payroll and tax payment agency, financial management and smart bookkeeping, and provided digital services for enterprises integrating business, finance and fund. The Bank constantly increased its connection with platforms, completed the direct connection of Supply Chain Bills products with "CSCC (中企雲鏈)", "JDH (簡單匯)" and "SDHS (山東高速)" and other platforms, and cooperated with 11 new platforms for E-Credit Finance.

The internet ecosystem-based loan products quickly duplicated standardised scenario models. In the cross-border scenarios including "International Station (國際站)" and "AliExpress (速賣通)", the Bank completed the standardised duplication of Alibaba's 1688 ecosystem loan scenario model. During the six months ended 30 June 2024, the Bank continuously optimised the functions of internet ecosystem-based loan products and risk control strategies.

Intelligent government affairs ecosystem was continuously embedded in financial and non-financial services. The Bank launched the small credit model for Government Procurement Fast Loan (政採快貸), which combined with the bid-winning data of the Government Procurement Cloud (政採雲) platform to provide online credit-based operation loans for MSEs that won the bid. The Bank became one of the first batch of acquiring and clearing banks for mobile payment of medical insurance in Beijing, and provided registration and outpatient payment services for customers via Alipay's mini program of "Beijingtoon (京通)".

Intelligent finance

The Bank strives to push the data-driven intelligent banking to a new level and elevate the digital intelligence level of operation and management in all aspects, in a bid to provide agile and efficient comprehensive services with the ultimate customer experience.

The Bank continued to build an intelligent marketing brain. The Bank constructed a closed-loop operation strategy system, and significantly enhanced its capabilities of real-time strategy deployment and customer group segmentation management. It developed strategies for corporate clients and added new functions such as personalised marketing pitches, batch and real-time events marketing. It built the strategy deployment capacity concerning legal person customers of small business, and supported marketing breakthroughs in proactive credit granting products such as "Minsheng Benefits" (legal persons and individuals). The Bank extensively deployed the strategy for basic retail customer groups and effectively expanded customer coverage.

The Bank constantly improved the smart risk control system, and the risk data was further improved. The Bank added 390 risk indicators and 3,700 risk tags, launched risk maps, connected with third-party data, and improved risk data mart to consolidate the foundation of risk data. The risk control models were smarter, and the Bank accurately identified customers through machine learning model. By combining with risk tags and risk indicators, the Bank effectively lowered the loss given default while improving the credit approval rate of online loans.

The Bank enhanced the quality and efficiency of digital operation. Centralised operation further released the first-line production capacity. The E-Procurement-Data-Based Credit Enhancement financing products completed comprehensive centralised operation, the centralised operation of E-Credit Finance and E-Bill Finance further improved both quality and efficiency, and the end-to-end operation service system of ecosystem finance business supported large-scale growth of online business.

Information Technology

The Bank's information technology, or IT, systems are integral to many aspects of its business operations, including customer service, transaction processing, risk management and financial management. The Bank believes that the establishment of advanced IT systems that complement its overall business strategies will greatly improve its efficiency and the quality of its customer service, as well as risk and financial management. The Bank has invested and continues to invest heavily in its IT systems. It has recruited global experts to work with in order to improve its IT systems and uses a wide variety of well-known brands in its IT systems.

The Bank has adopted a variety of security measures, including advanced firewall technologies, digital security certificates, intrusion detection systems and stringent internet security strategies to provide a high level of network security. In respect of IT risk management, the Bank further refined the management of the production system operations, and the production systems have been operating efficiently in a stable manner without major production or security incidents. The Bank has put great efforts into improving business continuity planning, and many branches have gradually established their own disaster recovery data centres in their local cities for business continuity.

Employees

As at 30 June 2024, the Group had 63,071 employees, of which 60,178 were employees of the Bank and 2,893 were employees of its subsidiaries. Amongst these employees of the Group, divided by work nature, 6,320 employees were categorised as the management, accounting for 10.5 per cent., 53,858 employees as the professional team, accounting for 89.5 per cent. The Bank had 12,961 employees with graduate degree or above, accounting for 21.5 per cent. of the total number of employees, 44,215 employees with bachelor's degree, accounting for 73.5 per cent., and 3,002 employees with tertiary qualification or below, accounting for 5.0 per cent., 1,189 employees of the Bank have retired.

Trademarks

The Bank conducts its business under the names "China Minsheng Bank" and "民生銀行". Its bank logo has been registered in the PRC with the Trademark Office of the State Administration for Industry and Commerce, and it has also registered trademarks with its name and logo in other countries and regions. The Bank is the registered owner of the domain name of its website www.cmbc.com.cn.

Legal and Regulatory Proceedings

As at the date of this Offering Circular, the Bank and other members of the Group are not involved in any litigation, arbitration, administrative proceedings or claims, whether pending or threatened, which have or may have a material adverse effect on the financial condition or results of operations of the Group or which are otherwise material in the context of the issuance of the Notes.

Recent Developments

The Bank recently published announcements dated 29 August 2024 and 30 August 2024 on the HKSE and Shanghai Stock Exchange regarding the proposed termination of appointment of PwC, the independent auditors of the Bank. For further information, please refer to the announcements published by the Bank.

RISK MANAGEMENT

The section entitled "Risk Management" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

Comprehensive Risk Management

Comprehensive risk management refers to that the Board of Directors, Board of Supervisors, Senior Management and the three lines of defense of risk management of the Bank perform their own duties respectively, and effectively control all risks in all fields and dimensions and at all levels, thus providing rational guarantee for the realisation of all goals of operation and management. Aiming to support the real economy and prevent and mitigate risks, comprehensive risk management ensures that risk management effectively covers all risk categories, all business lines, all processes, all organisations and all personnel by cultivating a compliant and steady risk culture, establishing a risk governance structure with effective checks and balances, formulating a unified risk preference, risk management strategy and risk limits, implementing standardised risk management policies and procedures, establishing a complete management information system and data quality management system, and implementing strict internal control and review and evaluation mechanisms.

During the six months ended 30 June 2024, the Bank adhered to the core concept of "making steady progress for long-term development" and fully embraced the philosophy of "compliant operation is the core competitiveness". By strengthening the leadership of the CPC, reinforcing the management of risk preference and improving the risk management system, the Bank continued to safeguard the bottom line of risk compliance and achieved a dynamic balance between development and risk. Firstly, the Bank strengthened the guidance of risk preference and reinforced risk management strategy and limit management. In light of changes in internal and external environment, the Bank formulated the annual risk preference and risk management strategy, implemented the risk preference of "steadiness and prudence, proactiveness and comprehensiveness, structure optimisation and quality improvement", and improved the quantitative indicator control system that matched with risk preference. Additionally, the Bank released management plans for credit asset portfolio limits, market risk limits and country risk limits, and strengthened closed-loop management of risk preference including formulation, implementation, monitoring, re-examination, and optimisation, so as to ensure all-round and three-dimensional transmission and implementation of risk preference. Secondly, the Bank steadily pushed forward the implementation of the Capital Management Rules, completed the construction of the third pillar information disclosure system, and constantly improved the risk measurement capability and refined risk management. Thirdly, the Bank continued to conduct the phase II planning and construction of the digital and intelligent risk control system. It primarily established a digital and intelligent post-loan management platform and a smart examination and approval system, in a bid to constantly improve smart risk management. Fourthly, the Bank carried out comprehensive risk management assessment at the group level in an orderly manner and completed the establishment of a risk assessment standard technical system covering 17 categories of risks and more than 1,200 risk assessment points of legal persons and subsidiaries. Additionally, the Bank released the Industry Standard Value Manual (《行業標準值手冊》), systematically standardising the evaluation standards and methodologies for risk management. Fifthly, the Bank practised the concept of "One Minsheng (一個民生)" and continuously improved the four-in-one comprehensive risk management system for subsidiaries covering risk preference, risk monitoring, risk assessment and antecedent research, so as to reinforce coordination and synergy between the parent bank and subsidiaries regarding their risk management efforts.

Credit Risk Management

Credit risk is the risk that a borrower or a counterparty fails to make repayments in a timely manner in full amount for whatever reasons.

During the six months ended 30 June 2024, based on the actual business conditions, the Bank formulated and issued an annual portfolio limit management plan, focused on improving the overall risk-weighted asset return rate of the asset portfolio, and continued to carry out monitoring, analysis, reporting and assessment of the credit asset placement. To control risks and support the steady development of businesses, the Bank established a credit risk management and control mechanism with risk management strategies, credit policies, portfolio management, risk measurement tools and supporting IT system as platform, and covered the full process of risk management including pre-lending investigation, in-lending review and post-loan management, as well as credit and non-credit businesses.

Firstly, the Bank adjusted the credit structure. The Bank constantly increased support for key areas including the manufacturing industry, inclusive finance, green and low carbon sectors, rural revitalisation, sci-tech innovation and consumer finance. Taking the new rules for capital management (Capital Rules for Commercial Banks (《商業銀行資本管理辦法》) (Order of the NFRA [2023] No. 4)) as the benchmark and metric, the Bank guided credit resources to tilt towards the business with lower capital occupation weight, thereby realising the transformation to capital intensification. The Bank accelerated adaptation to major changes in the structure of credit demands, continued to promote the strategy of inclusive finance, accelerated the development of "Minsheng Benefits (民生惠)", and increased the proportion of credit to MSMEs. Meanwhile, the Bank continuously optimised the structures of industries, regions, and customers and proactively prevented concentration risk.

Secondly, the Bank optimised the credit approval mechanism. The Bank increased credit support for key customer groups, strategic businesses, and key regions, strengthened approval coordination and enhanced professional capabilities to support business development while preventing new business risks. The Bank increased the empowerment of antecedent approval, optimised the open communications and on-site customer visit mechanism, established the mechanism of approval support to counterpart branches, strengthened the research and re-examination of key areas and major projects, and supported the integrated management of MSMEs, large enterprises and individual customers. The Bank continuously enriched SME Credit Plan (中小信貸計劃), optimised the credit approval and review models for SMEs, expanded the areas and industries covered by the SME credit plans, and intensified the re-examination of the plans. The Bank promoted the real estate financing coordination mechanism. By setting up task forces, optimising approval process and establishing green channels, the Bank precisely supported the reasonable financing needs of real estate projects, so as to continue to promote the steady and healthy development of the real estate market. The Bank effectively conducted project risk assessment, and formulated administrative measures on project assessment according to the requirements of the latest "three measures" of the regulators, articulating the job responsibilities of project assessors and the assessment process. The Bank formulated risk evaluation report templates for credit business of MSEs, clarifying the criteria for prudently assessing the risk associated with small business loans. The Bank constantly improved the system of approval standards, issued annual guidelines for approval in key areas, and further standardised approval standards and methodologies. The Bank formulated the list of documents and key points for ESG due diligence and compliance review, standardising the identification and assessment of ESG risks in key links of credit granting. The Bank continuously improved the digital and intelligent level of approval and constantly upgraded the smart due diligence management model, which, coupled with unified credit management, optimised the function of the risk control system. Additionally, the Bank promoted the application of mobile approval in the whole bank.

Thirdly, the Bank strengthened risk prevention and control in key areas. The Bank strictly implemented the decisions and arrangements of the CPC Central Committee and the State Council on preventing and mitigating local debt risks, proactively implemented the development strategies of key regions, and promoted credit placement in key regions. In accordance with the general principles of "controlling total amount, conducting classified management, focusing on projects and implementing namelist-based management (總量控制、分類授信、項目為主、名單管理)", the Bank adjusted and improved credit policies in a timely manner, comprehensively strengthened risk management in the field of local debts, and pushed branches to actively implement policies of mitigating debt risk. The Bank strengthened communications with the government and customers, focused on key customers and projects, and effectively mitigated risks of financing platforms. In accordance with the general principles of "stabilising total amount, adjusting structures, strengthening management and mitigating risks", the Bank, proceeding from the new development model of real estate, supported the financial services of the "three major projects" such as affordable housing and housing rentals. The Bank equally met the reasonable financing needs of housing enterprises of different ownerships and prudently resolved the risky projects of housing enterprises in difficulties, so as to promote the steady development of real estate business. To proactively and prudently mitigate real estate risks, a leading group at the Head Office and special work groups at each institution were set up for coordination in key fields, which made concerted efforts to intensify the coordination and synergy between and among the Group, business lines, the Head Office and the branches, as well as the front, middle and back offices. This ensured the fully implementation of all works. The Bank also tracked housing enterprises in trouble on a regular basis to monitor updates on their risk mitigation status.

Fourthly, the Bank enhanced post-loan management capability, strengthened risk assessment and research and judgment, and achieved early identification, early-warning, and early disposal, so as to mitigate potential risks in advance. The Bank constantly optimised the post-loan monitoring of risky customers, relied on the compass system to continuously carry out daily monitoring and risk screening of key industries, key institutions and key customers, and supervised operating units to effectively strengthen the risk mitigation of customers under early-warning.

Fifthly, the Bank continued to push forward the collection and disposal of non-performing assets. Actively responding to the new situation facing collection and disposal, the Bank aligned its strategies and selected the optimal disposal options from a variety of choices. The Bank optimised the management mechanism and improved the supporting management policies for preservation, in a bid to continue to improve disposal efficiency. The Bank deepened the concept of managing non-performing assets, adhered to the guidance of valuation, and gave full play to the role of asset preservation in stopping and reducing loss. The Bank tapped the potential value of written-off assets and promoted the cash collection of written-off assets in a layered and classified manner, with the cash collection of written-off assets in the six months ended 30 June 2024 growing by 20.31 per cent. as compared with the corresponding period in 2023.

Large-Amount Exposure

Large-amount exposure refers to the credit risk exposure of a commercial bank exceeding 2.5 per cent. of its net tier-1 capital (including various kinds of credit risk exposures arising in the banking book and the trading book) to a single customer or a group of related-party customers.

During the six months ended 30 June 2024, the Bank proactively established and improved the management mechanism for large-amount exposures, improved management rules, developed management systems, clarified large-amount exposure management limits in annual risk preference, and orderly implemented the measurement, monitoring and reporting of large-amount exposures, thus ensuring the compliance and effectiveness of management. As at 30 June 2024, the non-peer single customers, non-peer group customers, peer single customers, and peer group customers of the Bank meeting large-amount exposure standards all satisfied the regulatory requirements.

Market Risk Management

Market risk refers to the risk of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices), inflicting losses in on – and off-balance sheet businesses of commercial banks.

During the six months ended 30 June 2024, taking compliance requirements as the bottom line, the Bank proactively responded to changes in the external environment and market fluctuations, kept both the occupation of market risk capital and the trading book profit and loss stable within the scope of risk preference. The Bank continuously deepened the market risk management mechanism at the group level, improved the institutional system of market risk management, and revised core rules regarding book division, exchange rate risk and capital measurement. The Bank effectively transmitted the Group's risk preference, approved and issued the 2024 market risk limit plan of the Group, optimised the market risk limit index system including loss stop, exposure and sensitivity, and clarified the authorisation management and approval procedures at different levels. The Bank optimised trading strategies, refined limit monitoring, and further improved the four-in-one market risk monitoring system featuring product control, measurement monitoring, capital management and performance management, achieving the full-process monitoring of each trading desk. The Bank continued to conduct product access management and supported the development of front office business, ensuring that the Bank had management and control capacity over each investment trading product recorded in the banking book and the trading book of the Bank. The Bank solidly advanced the implementation of the Capital Management Rules, promoted the parallel submission of the old and new sets of capital statements, consolidated the data foundation of the capital measurement system, and strengthened the verification mechanism of capital measurement results. Additionally, the Bank optimised the intelligence level of market risk reports, continuously promoted smart risk control projects for market risk, and made the market risk reports more real-time, visualised and dynamically interactive.

Operational Risk Management

Operational risk refers to the risk of loss due to deficient or flawed internal procedures, personnel and IT system or external events. The major operational risk of the Bank comprises internal and external fraud, employment system, safety of working places, and events related to customers, products and operation, damages of tangible assets, interruption of business, paralysis of IT system and management of execution, transfer and processes.

During the six months ended 30 June 2024, the Bank steadily promoted the construction of the operational risk management system, consolidated the effects of the activity of "Year of Operational Risk Management", and continued to fortify management foundation. Firstly, the Bank fully promoted the activity of "Year of Strengthening Operational Risk Governance" and carried out various works including inspection, evaluation, rectification and improvement. The Bank implemented the new regulatory provisions and revised basic rules regarding operational risk. Secondly, the Bank completed the development according to the Capital Management Rules, made good preparations for the inspection and acceptance by regulators, and compiled the measurement statements using the standardised approach. Thirdly, the Bank completed the review of operational risk management objects, carried out self-assessment of operational risk and control, monitoring of key risk indicators, and loss data collection on a regular basis, and put forward management opinions on operational risks of key basic products/business activities of the Head Office. Fourthly, the Bank conducted samplings, formulated drill plans and held special training throughout the Bank on business continuity. Fifthly, the Bank improved the applicable scope of outsourcing activities of the Bank, and dynamically updated the type references, risk assessment guidelines and provider access conditions for outsourcing activities.

Liquidity Risk Management

Liquidity risk refers to the risk that a commercial bank is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations. The Bank established a scientific and complete liquidity risk governance framework, set up a clear and efficient system for division of duties regarding liquidity risk management, formulated effective management rules, processes, strategies and policies for liquidity risks, and developed through optimisation advanced risk management tools, thus constantly improving its capabilities in identifying, measuring, monitoring, controlling and reporting liquidity risks.

During the six months ended 30 June 2024, the Bank strictly safeguarded the bottom line of liquidity risks, adhered to prudent liquidity risk preference, closely monitored the changes in domestic and international macro economy, currency and regulatory policies, market liquidity and price level, and proactively judged and predicted future trends. The Bank strengthened monitoring and active management around core risk factors, and improved refined management. The monitoring indicators of liquidity risks remained sound and have met the standards, and the daytime liquidity risks stayed safe and controllable. Firstly, the Bank continuously optimised the Group's consolidated management system for liquidity risks, enhanced the development of institutional system, and effectively reinforced the overall management of liquidity risks of the Group. Secondly, the Bank further strengthened the management of limit and monitoring of liquidity risks, and improved the risk monitoring and limit management system based on the risk factors such as asset-liability maturity mismatch, liability scale and structure, high-quality liquidity assets, cash flow gap distribution, and customer concentration degree. Thirdly, the Bank optimised the asset-liability structure, strictly managed and controlled the maturity structure of interbank liabilities, and promoted the application of high-quality liquid assets in a stable and efficient manner. Fourthly, the Bank attached importance to and carried out management of early-warning of liquidity risks, continuously improved the stress testing scenario and parameter system, and used systematic tools to increase the frequency and efficiency of stress testing. The Bank regularly conducted emergency drills for liquidity risks, and improved its capabilities in risk identification and emergency response. Fifthly, the Bank reinforced the development of IT systems and management tools, enhanced digital risk control capabilities, and optimised and perfected the risk monitoring statement system.

Country Risk Management

Country risk refers to the risk of borrower or debtor in a certain country or region failing or unwilling to repay debts to the Bank, or the Bank suffering from commercial or asset losses in a country or region or incurring other losses due to economic, political and social changes and incidents in such country or region. In strict accordance with the relevant regulatory requirements and in line with the principles of steadiness and prudence, the Bank identified, measured, assessed, monitored, reported, controlled and mitigated country risks, regularly assessed country risk levels and conducted limit management, and guided business towards low-risk countries or regions.

During the six months ended 30 Juhe 2024, neither total country risk exposure nor risk exposure to a single country of the Bank exceeded the limit. The country risk exposures of the Bank were mainly distributed in countries and regions with "low risks" and "relatively low risks". The Bank continued to enhance its capabilities in preventing and controlling country risks, which were under control in general.

Management of Interest Rate Risk in Banking Book

Interest rate risk in banking book refers to the adverse changes in the level of interest rate, maturity structure and other factors which lead to loss on the economic value and overall revenue of banking book. It can be primarily classified into gap risk, benchmark risk and option risk.

During the six months ended 30 June 2024, the Bank optimised and improved the governance and management system of interest rate risk in banking book, strictly managed and controlled the mismatch level of asset and liability repricing, and strengthened the interest rate sensitivity analysis and stress tests, in a bid to ensure the steady operation of regulatory indicators and internal management indicators of interest rate risk in banking book. Firstly, the Bank improved the Group's consolidated management system of interest rate risk in banking book, effectively strengthening the coordinated management of interest rate risk in banking book of the Group and supervising and guiding subsidiaries to improve their risk management. Secondly, the Bank constantly enhanced the identification, measurement, monitoring and control system for interest rate risk in banking book, comprehensively adopted repricing gap analysis, duration analysis, sensitivity analysis, stress test and other methods to analyse and monitor risks, closely followed changes in external market environment as well as internal business structure, enhanced forward-looking judgment, and adjusted asset-liability structure and term management strategies in a dynamic manner, so as to ensure the steady operation of indicators of interest rate risk in banking book. Thirdly, the Bank optimised the limit system, appraisal and supervision and early-warning and reminder of interest rate risk in banking book, practised strict and effective management in terms of repricing gap, maturity mismatch, duration, investment business account and valuation fluctuation, etc., so as to ensure that all risk factors were kept at a prudent and healthy level. Fourthly, the Bank enhanced the early-warning management of interest rate risk in banking book, constantly enriched and perfected scenario-based assumption and parameter setting for stress tests, used systematic tools to elevate the frequency of stress tests, and strengthened its capability in risk identification and emergency response. Fifthly, the Bank optimised the functions of the asset-liability risk management system, improved management models and data governance, increased the automatic measurement and monitoring frequency of interest rate risk in banking book indicators, and enhanced its capability in risk data analysis, early-warning and monitoring.

Reputation Risk Management

Reputation risk refers to the risk that stakeholders, the public, media and other parties negatively evaluate banking institutions due to the institutional behaviours, behaviours of practitioners or external events, etc., which then undermines the brand value, goes against normal operation, and even affects market stability and social stability. The Bank regards reputation risk management as one of the important means and necessary measures to safeguard normal business development, create a harmonious public opinion environment, safeguard its sound image in the industry and fulfill corporate citizenship responsibilities.

During the six months ended 30 June 2024, the Bank fully implemented the Administrative Measures on the Reputation Risk of Banking and Insurance Institutions (Provisional) (《銀行保險機構聲譽風險管理辦法(試行)》), optimised mechanisms and processes, improved coping strategies, accumulated reputation capital, emphasised source prevention and control, improved professional management and reinforced management responsibility. The Bank assessed the potential threats of contagion among risks in a timely manner within the purview of comprehensive risk management, pre-judged public opinion trends, deployed special monitoring, and formulated plans in advance. As a result, the timeliness and effectiveness of reputation risk management were further improved.

IT Risk Management

IT risk refers to the operational, legal and reputation risk and other risks due to natural factors, human factors, technical flaws and management defects in relation to the IT application in the Bank.

During the six months ended 30 June 2024, the Bank comprehensively promoted digital transformation and development, and continued to perfect the IT risk management system and improve IT risk management. Firstly, the Bank carried out special activities on self-examination and assessment in key IT areas, consolidated the foundation for IT risk management, and enhanced the ability to manage and control IT risk in key areas. Secondly, the Bank optimised the work safety and operation and maintenance management system, improved the operation and guarantee of key IT infrastructure such as networks, computer rooms and cloud services, ensured the security and reliability of production systems, improved the emergency response mechanism and process, and enhanced the resilience of operations. Thirdly, the Bank improved the IT security management system, enhanced network security protection capabilities, strengthened data security control throughout the full life cycle, and reinforced the full-process security risk assessment of products and services. Fourthly, the Bank improved the IT risk monitoring index system, strengthened the analysis of monitoring index data, carried out regular IT risk assessment and inspection, and optimised risk management and control measures. Fifthly, the Bank carried out in-depth rectification of problems identified in internal and external inspections, combined instant inspection and rectification with source tracing and rectification, focused on both promoting development and consolidating foundation, and strictly safeguarded the bottom line of IT risk in the process of digital transformation. Sixthly, the Bank released the IT Risk Assessment Report of China Minsheng Bank (2023) (《中國民生銀行信息科技風險評估報告(2023年)》) to identify problems and supervise the responsible departments to make continuous rectifications. Seventhly, the Bank promoted the completion of the rule analysis and system development of the new version of technology supervision statements of the technology supervision department of the NFRA, completed the filling-in of new-version annual, quarterly, and monthly reports and statements, and published the Administrative Measures on Off-site IT Supervisory Statistics of China Minsheng Bank (《中國民生銀行信息科技非現場監管統計管理辦法》).

Legal Risk Management

Legal risk refers to the risk that the Bank may assume criminal, administrative and civil legal liabilities because it fails to abide by laws, administrative regulations, regulatory provisions, contractual agreements, or fails to properly exercise its rights or properly fulfill its obligations. The Bank has put in place a relatively perfect legal risk management system and mechanism, providing guarantee for the law-based and compliant operation of the Bank.

During the six months ended 30 June 2024, the Bank vigorously carried out activities to enhance law-based governance capability and improve law-based operation and management. Firstly, the Bank deepened law-based governance construction. The Bank vigorously promoted the application of typical demonstration experience of law-based governance, selected demonstration units for law-based governance construction, strengthened process review and assistance and supervision, solidly implemented 615 measures of law-based governance, and continued to make solid progress in law-based governance construction. Secondly, the Bank improved the foundation of legal risk management. The Bank further promoted the internalisation of laws and regulations such as the judicial interpretation of Part III Contract of the Civil Code, continuously improved the three-in-one legal risk management standard system of "business standards + legal review standards + standard texts", promoted the construction of the smart legal review management system and the phase II smart litigation management platform, and continued to consolidate the foundation of legal risk management. Thirdly, the Bank strengthened the full-process management of legal risks. The Bank strengthened legal guidance and early-warning in a forward-looking and agile manner, rigorously controlled legal risk access reviews, enhanced professional legal support for business innovation, deeply advanced legal risk assessment and rectification of businesses, and further reinforced full-process legal risk prevention and control of businesses. Fourthly, the Bank strengthened litigation management and case handling. The Bank coordinated the promotion of litigation management, case handling and litigation source management, comprehensively strengthened prevention and mitigation of litigation risks, focused on addressing key risks, deeply advanced the source tracing and rectification of litigation risks, enhanced the management and application of judicial information, optimised the support from internal and external legal resources, concluded existing litigation cases and prevented and controlled new risks, and maintained a stable litigation risk profile of the whole bank. Fifthly, the Bank pushed forward the "8th Five Year" law popularisation activity. The Bank organised multi-level and high-density training sessions of law-based governance, conducted relevant publicity activities with various themes and formats, established and launched law-based governance knowledge sharing platform on the working App of "iMinsheng (i民生)", and comprehensively enhanced the effectiveness of publicity and education. As a result, the Bank further strengthened legal awareness and capabilities across the whole bank, optimised the business environment of law-based governance, and further improved the positive brand image of law-based governance. Sixthly, the Bank implemented the regulatory requirements of carrying out regular operations to eradicate gang-related crimes, coordinated comprehensive planning and process supervision of operations to eradicate gang-related crimes, deepened risk governance and risk prevention and control across key links, kept a tough stance on eradicating gang-related crimes, and firmly safeguarded the bottom line of no risk events involving gang-related crimes.

Compliance Risk Management

Compliance risk refers to the risk of the Bank possibly suffering from legal sanction, regulatory punishment, major financial loss and reputation loss due to the failure in abiding by laws, rules and norms. The Bank comprehensively considers the relevance between compliance risk and credit risk, market risk, operational risk and other risks, establishes and improves the compliance management framework, and promotes the development of the comprehensive risk management system, thus ensuring legal and compliant operation.

During the six months ended 30 June 2024, the Bank actively adapted to the new financial regulatory landscape, strictly implemented policies and regulations, strengthened basic management, deepened behavioural rectification, and built a robust "firewall" for internal control and compliance. Firstly, the Bank proactively implemented regulatory requirements. The Bank prepared effectively for regulatory inspections, concluded the three-year "Regulatory Rating Improvement" initiative, conducted source tracing and rectification of problems identified during internal and external inspections, continuously interpreted key regulatory policies, and ensured external regulations were embedded in the internal systems. Secondly, the Bank continued to consolidate the management foundation. The Bank strengthened system implementation feedback and improved system quality. The Bank comprehensively implemented the reform of the independent director system. The Bank updated the guidelines on compliant duty performance and compiled the list of duty performance for case prevention covering personnel at all levels. The Bank revised the rectification measures and improved the problem acceptance process. The Bank improved the case prevention system and issued the measures on the prevention and control of criminal case risk and the measures on screening and handling of criminal case risk. Additionally, the Bank continuously improved the institutional system for due diligence and liability exemption for business lines. Thirdly, the Bank strictly safeguarded the bottom line of key risks. The Bank conducted screening of suspected related parties, and improved the information identification of related legal persons. The Bank strengthened the establishment of inspection projects and the implementation of inspection plans, strengthened the inspection and verification of key areas, and reconstructed the key inspection model. The

Bank conducted special activities to ensure the security of customer funds, deepened special programmes on employee integrity, optimised employee behaviour monitoring models, and strengthened case warning education. Fourthly, the Bank accelerated the promotion of digital and intelligent compliance management. The Bank integrated the policy database with external regulatory requirement database, optimised the platform for managing related-party transactions and compliance issues, launched the system of business continuity drill plans, and initiated the development of compliance management cockpit. Additionally, the Bank strengthened the application of smart compliance inspection platform.

Money Laundering Risk Management

Money laundering risk refers to the risk that the Bank may be utilised by “money laundering activity”, “financing of terrorism” and “diffusion financing” during business development and operating management. The Bank has established a relatively perfect system for managing money laundering risk, and constantly improved the management mechanism, providing guarantee for the steady and compliant operation.

During the six months ended 30 June 2024, the Bank actively improved anti-money laundering (“**AML**”) internal control mechanisms, conducted a new round of AML self-assessments of institutions, and stuck to the breakthroughs for improvements. The Bank published an annual analysis of money laundering types, and promoted the high-quality development of duty performance of core AML responsibilities. The Bank also pressed ahead with the smart management of money laundering risk, and applied advanced technologies such as AI and machine learning to enhance risk monitoring capability.

ASSETS AND LIABILITIES

The section entitled "Assets and Liabilities" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The following discussions and analysis should be read in conjunction with the Group's audited consolidated financial statements as at and for the years ended 31 December 2022 and 2023, and the Group's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2024, included elsewhere in the Original Offering Circular and in this Supplemental Offering Circular. Such consolidated financial statements have been prepared in accordance with IFRS.

Assets

As at 30 June 2024, the Group's total assets amounted to RMB7,551.0 billion.

Analysis of Loans and Advances to Customers

Loans and advances to customers are the largest component of total assets. The Group provides a broad range of loan products to customers through its branch network, the great majority of which are denominated in Renminbi.

The following table sets out an analysis of the Group's loans and advances to customers as at the dates indicated:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024 (Unaudited)**
	(in millions of Renminbi, except percentages)			
Measured at amortised cost:				
Corporate loans and advances				
– Corporate loans	2,017,910	2,144,501	2,337,357	2,430,386
– Discounted bills	–	–	–	–
Subtotal	**2,017,910**	**2,144,501**	**2,337,357**	**2,430,386**
Personal loans and advances				
– Micro lending	577,327	621,598	651,788	650,731
– Residential mortgage	595,468	573,274	546,300	540,118
– Credit cards	472,077	462,788	487,973	474,966
– Others	96,459	84,208	81,461	83,815
Gross balance	**1,741,331**	**1,741,868**	**1,767,522**	**1,749,630**
Less: allowance for impairment Losses	**(103,806)**	**(97,639)**	**(96,793)**	**(96,201)**
Subtotal	**3,655,435**	**3,788,730**	**4,008,086**	**4,083,815**

	As at 31 December			As at 30 June
	2021	2022	2023	2024 (Unaudited)
	(in millions of Renminbi, except percentages)			
Measured at fair value through other comprehensive income:				
Corporate loans and advances				
– Corporate loans	5,577	8,717	2,419	1,816
– Discounted bills	280,874	246,058	277,579	241,395
Subtotal	**286,451**	**254,775**	**279,998**	**243,211**
Interest accrued	**25,793**	**29,477**	**35,824**	**37,795**
Net balance	**3,967,679**	**4,072,982**	**4,323,908**	**4,364,821**

As at 31 December 2021, 2022 and 2023 and 30 June 2024, net balance of the Group's loans and advances to customers amounted to RMB3,967.7 billion, RMB4,073.0 billion, RMB4,323.9 billion and RMB4,364.8 billion respectively.

Loans and Advances to Customers by Industry

The following table sets out an analysis of the Group's loans and advances to customers by industry as at the dates indicated:

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Corporate loans and advances								
Leasing and commercial services	514,854	12.73	523,343	12.64	556,874	12.70	551,841	12.47
Manufacturing	348,542	8.62	396,308	9.57	465,092	10.61	505,553	11.43
Real estate	360,302	8.91	363,344	8.77	346,298	7.90	340,400	7.69
Wholesale and retail	259,230	6.41	263,607	6.37	286,014	6.52	302,001	6.83
Water, environment and public utilities management	160,746	3.97	167,684	4.05	170,648	3.89	172,905	3.91
Transportation, storage and postal services	127,181	3.14	154,492	3.73	168,187	3.84	168,471	3.81
Financial services	117,470	2.90	115,764	2.79	165,194	3.77	147,281	3.33
Production and supply of electric power, heat, gas and water	86,436	2.14	103,403	2.50	130,512	2.98	138,355	3.13
Construction	112,875	2.79	109,689	2.65	119,477	2.72	130,797	2.96
Mining	88,396	2.18	72,705	1.76	69,034	1.57	66,139	1.49
Information transmission, software and information technology services	44,566	1.10	41,727	1.01	42,602	0.97	42,630	0.96

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Agriculture, forestry, animal husbandry and fishery ..	20,221	0.50	20,420	0.49	21,376	0.49	21,993	0.50
Accommodation and catering	13,891	0.34	17,578	0.42	16,248	0.37	–[(1)]	–[(1)]
Others	49,651	1.23	49,212	1.19	59,799	1.36	54,826	1.24
Subtotal	2,304,361	56.96	2,399,276	57.94	2,617,355	59.69	2,673,597	60.44
Personal loans and advances	**1,741,331**	**43.04**	**1,741,868**	**42.06**	**1,767,522**	**40.31**	**1,749,630**	**39.56**
Total	**4,045,692**	**100.00**	**4,141,144**	**100.00**	**4,384,877**	**100.00**	**4,423,227**	**100.00**

(1) Loans and advances to customers in the accommodation and catering industry as at 30 June 2024 was included in Others.

The Group's corporate loans and advances to customers cover a broad range of industries. Loans and advances to customers in the leasing and commercial services, manufacturing, real estate and wholesale and retail sectors represent the major components of the Group's total loans and advances for the six months ended 30 June 2024. As at 30 June 2024, loans and advances in these sectors accounted for 38.4 per cent. of the Group's total loans and advances and 63.6 per cent. of the Group's corporate loans and advances.

Loans and Advances to Customers by Geographical Area

The following table sets out an analysis of the Group's loans and advances to customers by geographical area:

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Head Office	506,340	12.52	488,895	11.81	492,829	11.24	480,433	10.86
Yangtze River Delta	1,004,449	24.83	1,045,578	25.25	1,125,915	25.68	1,136,666	25.70
Pearl River Delta	586,214	14.49	630,013	15.21	689,726	15.73	712,879	16.12
Bohai Rim	630,297	15.58	644,316	15.56	701,020	15.99	681,068	15.40
Northeastern Region	97,272	2.40	97,380	2.35	100,418	2.29	98,690	2.23
Central Region	508,645	12.57	497,398	12.01	509,089	11.61	527,173	11.92
Western Region	616,229	15.23	630,687	15.23	660,499	15.06	666,740	15.07
Overseas and subsidiaries .	96,246	2.38	106,877	2.58	105,381	2.40	119,578	2.70
Total	**4,045,692**	**100.00**	**4,141,144**	**100.00**	**4,384,877**	**100.00**	**4,423,227**	**100.00**

Loans and advances to customers are relatively concentrated in the Group's operations in Yangtze River Delta, where economic development is relatively mature and advanced.

Distribution of Loans by Loan Classification

The following table sets out an analysis of the Group's loans to customers in each of the five categories of loan classification.

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Performing loans	3,973,354	98.21	4,071,757	98.32	4,319,780	98.52	4,358,328	98.53
Of which: Pass	3,858,057	95.36	3,952,037	95.43	4,201,253	95.82	4,235,415	95.75
Special-mentioned	115,297	2.85	119,720	2.89	118,527	2.70	122,913	2.78
Non-performing loans	72,338	1.79	69,387	1.68	65,097	1.48	64,899	1.47
Of which: Substandard	24,198	0.60	27,729	0.67	26,978	0.61	25,543	0.58
Doubtful	26,043	0.64	23,107	0.56	18,004	0.41	17,017	0.38
Loss	22,097	0.55	18,551	0.45	20,115	0.46	22,339	0.51
Total	**4,045,692**	**100.00**	**4,141,144**	**100.00**	**4,384,877**	**100.00**	**4,423,227**	**100.00**

In accordance with the CBRC's Guidelines for Risk Classification (《貸款風險分類指引》), the Group classifies its credit assets into five categories, namely pass, special-mention, substandard, doubtful and loss, of which the last three categories are non-performing loans.

Liabilities

The following table sets out an analysis of the Group's liabilities as at the dates indicated:

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Deposits from customers	3,825,693	60.09	4,051,592	60.99	4,353,281	61.86	4,137,534	59.61
Of which: total deposits from customers (excluding accrued interests)	3,775,761	59.31	3,993,527	60.12	4,283,003	60.86	4,064,732	58.56
Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements	1,330,843	20.91	1,583,181	23.83	1,433,192	20.37	1,358,575	19.57
Debt securities issued	711,024	11.17	648,107	9.76	675,826	9.60	855,678	12.33
Borrowings from the central bank and other financial institutions	394,248	6.19	250,030	3.76	442,169	6.28	415,130	5.98
Others	104,439	1.64	109,949	1.66	132,696	1.89	174,454	2.51
Total	**6,366,247**	**100.00**	**6,642,859**	**100.00**	**7,037,164**	**100.00**	**6,941,371**	**100.00**

Deposits from Customers (excluding accrued interests)

The following table sets out an analysis of the Group's deposits from customers (excluding accrued interests):

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Amount	per cent.	Amount	per cent.	Amount	per cent.	Amount (Unaudited)	per cent.
	(in millions of Renminbi, except percentages)							
Corporate deposits	2,944,013	77.97	2,966,375	74.28	3,068,931	71.65	2,772,848	68.22
Of which: Demand deposits	1,215,239	32.19	1,014,133	25.39	1,024,828	23.93	876,931	21.57
Time deposits	1,728,774	45.78	1,952,242	48.89	2,044,103	47.72	1,895,917	46.65
Personal deposits	825,423	21.86	1,020,544	25.55	1,206,587	28.17	1,286,184	31.64
Of which: Demand deposits	248,459	6.58	289,671	7.25	295,892	6.91	402,206	9.90
Time deposits	576,964	15.28	730,873	18.30	910,695	21.26	883,978	21.74
Certificates of deposit	3,365	0.09	4,159	0.10	4,976	0.12	3,247	0.08
Outward remittance and remittance payables	2,960	0.08	2,449	0.07	2,509	0.06	2,453	0.06
Total	**3,775,761**	**100.00**	**3,993,527**	**100.00**	**4,283,003**	**100.00**	**4,064,732**	**100.00**

Deposits and Placements from Banks and other Financial Institutions and Financial Assets Sold under Repurchase Agreements

As at 30 June 2024, the deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements of the Group amounted to RMB1,358,575 million, representing a decrease of RMB74,617 million, or 5.21 per cent., as compared with that as at 31 December 2023.

Debt Securities Issued

As at 30 June 2024, total debt securities issued by the Group amounted to RMB855,678 million, representing an increase of RMB179,852 million, or 26.61 per cent., as compared with that as at 31 December 2023.

SUBSTANTIAL SHAREHOLDERS

The section entitled "Substantial Shareholders" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

The table below sets forth certain shareholding information of the ten largest ordinary shareholders of the Bank as at 30 June 2024:

Name of Shareholder	No. of Shares directly or indirectly held	Approximate percentage of share capital	Class of Shares
		(per cent.)	(A, B, H or others)
HKSCC Nominees Limited	8,285,912,862	18.93	H
Dajia Life Insurance Co., Ltd. – Universal Product	4,508,984,567	10.30	A
Dajia Life Insurance Co., Ltd. – Traditional Product	2,843,300,122	6.49	A
Shenzhen Liye Group Co., Ltd.	1,966,999,113	4.49	A
Tongfang Guoxin Investment Holding Co., Ltd.	1,888,530,701	4.31	A
New Hope Liuhe Investment Co., Ltd.	1,828,327,362	4.18	A
China Oceanwide Holdings Group Co., Ltd.	1,803,182,618	4.12	A
Shanghai Giant Lifetech Co., Ltd.	1,379,679,587	3.15	A
China Shipowners Mutual Assurance Association	1,324,284,453	3.02	A
Orient Group Incorporation	1,280,117,123	2.92	A

DIRECTORS, MANAGEMENT AND SUPERVISORS

The section entitled "Directors, Management and Supervisors" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

Directors

The following table sets out certain information relating to the Bank's directors as at the date of this Offering Circular:

Name	Position
Mr. GAO Yingxin	Chairman and Executive Director
Mr. WANG Xiaoyong	President, Vice Chairman and Executive Director
Mr. ZHANG Juntong	Executive Vice President and Executive Director
Mr. ZHANG Hongwei	Vice Chairman and Non-Executive Director
Mr. LIU Yonghao	Vice Chairman and Non-Executive Director
Mr. SHI Yuzhu	Non-Executive Director
Mr. SONG Chunfeng	Non-Executive Director
Mr. ZHAO Peng	Non-Executive Director
Mr. LIANG Xinjie	Non-Executive Director (qualification as director pending approval from the NAFR)
Mr. LIN Li	Non-Executive Director (qualification as director pending approval from the NAFR)
Mr. QU Xinjiu	Independent Non-Executive Director
Ms. WEN Qiuju	Independent Non-Executive Director
Mr. SONG Huanzheng	Independent Non-Executive Director
Mr. YEUNG Chi Wai, Jason	Independent Non-Executive Director
Mr. CHENG Fengchao	Independent Non-Executive Director
Mr. LIU Hanxing	Independent Non-Executive Director

Executive Directors

Mr. GAO Yingxin, born in 1962, is the Chairman and an Executive Director of the Bank. He is currently the Chairman of the Strategic Development and Consumer Rights Protection Committee and a member of the Nomination Committee and the Compensation and Remuneration Committee of the Board. Mr. GAO is the chairman of CMBC International. Before joining the Bank, he was a vice chairman of the board and the chief executive of BOC Hong Kong (Holdings) Limited (listed on the HKSE (stock code: 02388)) and Bank of China (Hong Kong) Limited from January 2018 to May 2020, an executive director of Bank of China Limited ("**BOC**") (listed on the SSE (stock code: 601988) and on the HKSE (stock code: 03988)) from December 2016 to January 2018, an executive vice president of BOC from February 2015 to January 2018, an executive director and a deputy chief executive of BOC Hong Kong (Holdings) Limited and Bank of China (Hong Kong) Limited from February 2005 to February 2015, the president and chief operating officer of BOC International Holdings Limited from July 2004 to February 2005, the general manager of the corporate banking department of BOC head office from June 1999 to July 2004 and a deputy general manager of the credit department and a deputy general manager of the corporate banking department of BOC head office from September 1996 to June 1999. Mr. GAO was a member of the 13th CPPCC National Committee. He obtained his Master's Degree in Engineering from East China University of Science and Technology in 1986 and is a senior economist.

Mr. WANG Xiaoyong, born in 1970, is the President and an Executive Director of the Bank. He is currently a member of the Strategic Development and Consumer Rights Protection Committee and Risk Management Committee of the Board. He successively served as the president of the Chongqing Branch, general manager of the Channel and Operation Management Department, and the president of the Sichuan Branch of China Construction Bank from September 2016 to February 2024. From June 2006 to September 2016, he successively served as an assistant to general manager of the Risk Monitoring and Control Department, the deputy general manager of the Credit Management Department, the vice president of the Shandong Branch and the vice president of the Gansu Branch of China Construction Bank. From April 1996 to June 2006, he successively served in the Audit Department, the Office of the Risk and Internal Control Management Committee and the Risk Management Department of China Construction Bank. Mr. Wang graduated from Beijing Normal University with a bachelor's degree in 1991. Mr. Wang obtained his Master's Degree in Accounting from the Central University of Finance and Economics in 1996, and his Ph.D. Degree in Management Science and Engineering from Tianjin University in 2013. He is currently a senior economist.

Mr. ZHANG Juntong, born in 1974, is an Executive Director and an Executive Vice President of the Bank. He is currently a member of the Risk Management Committee of the Board. Mr. ZHANG joined the Bank in 2016. Mr. ZHANG previously served as the Chairman of the Board of Supervisors of the Bank, an employee supervisor, and the Chairman of the Supervisory Committee and a member of the Nomination and Examination Committee of the Board of Supervisors of the Bank from February 2017 to March 2024. Mr. ZHANG graduated from Peking University with a Bachelor's Degree in 1997, and obtained his Master's Degree in World Economy from Peking University in 2000.

Non-Executive Directors

Mr. ZHANG Hongwei, born in 1954, is a Vice Chairman and a Non-Executive Director of the Bank. He is currently a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board. Mr. ZHANG is the chairman of United Energy Group Limited (listed on the HKSE (stock code: 00467)) and Orient Group Co., Ltd. Mr. ZHANG was previously the honorary chairman and a director of Orient Group Incorporation (listed on the SSE (stock code: 600811)), the chairman of Jinzhou Port Co., Ltd. (listed on the SSE (stock code: 600190)), a member of the 11th CPPCC National Committee and a standing committee member of the 10th CPPCC National Committee. Mr. ZHANG served as a vice chairman of ACFIC from 1997 to 2007. Mr. ZHANG obtained his MBA Degree from Harbin Institute of Technology in 1996 and is a senior economist.

Mr. LIU Yonghao, born in 1951, is a Vice Chairman and a Non-Executive Director of the Bank. He is currently a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board. He was previously a Vice Chairman of the Board from the establishment of the Bank to 2006. Mr. LIU is currently the chairman and president of New Hope Group Co., Ltd., a director of New Hope Liuhe Co., Ltd. (listed on the SZSE (stock code: 000876)) and chairman of the General Association of Sichuan Entrepreneurs. Mr. LIU is a member of the 14th CPPCC National Committee, a vice president of China Association for Public Companies and one of the promoters of the China Guangcai Programme. Mr. LIU was previously a vice chairman of the 7th and 8th sessions of ACFIC, a member of the 8th, 9th, 10th and 11th CPPCC National Committee, a standing committee member of the 9th and 10th CPPCC National Committee, a vice chairman of the 10th and 11th Committee for Economic Affairs of CPPCC National Committee, a deputy to the 12th National People's Congress (NPC), a member of the 13th CPPCC National Committee, and a vice chairman of China Society for Promotion of the Guangcai Programme.

Mr. SHI Yuzhu, born in 1962, is a Non-Executive Director of the Bank. He is currently a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board. Mr. SHI was previously a Non-Executive Director of the Bank from 2006 to 2014. Mr. SHI is the chairman of Giant Network Group Co., Ltd. (listed on the SZSE (stock code: 002558)) (formerly known as Chongqing New Century Cruise Co., Ltd.), Giant Interactive Group Inc. (formerly known as Shanghai ZhengTu Interactive Group Inc) and Giant Charity Foundation. Mr. SHI was previously a director of Shanghai ZhengTu Interactive Group Inc. from 2006 to 2018, and a vice chairman of China Minsheng Investment Group Corp., Ltd. from 2014 to 2018. Mr. SHI obtained his Bachelor's Degree in Mathematics from Zhejiang University in 1984 and graduated from the postgraduate programme of Department of Soft Science from Shenzhen University in 1990.

Mr. SONG Chunfeng, born in 1969, is a Non-Executive Director of the Bank. He is currently a member of the Risk Management Committee and the Audit Committee of the Board. Mr. SONG is the managing director of China Shipowners Mutual Assurance Association, a vice president of China Shipowners' Association, a vice chairman of Quanzhou Jinjiang COSCO Development Co., Ltd., an executive director of China P&I Management Co., Ltd., a director of China P & I Services (Hong Kong) Limited, an executive director of Shanghai Haixing Asset Management Limited, and a director of CPI Services (UK) Limited. Mr. SONG was a supervisor of Haitong Securities Co., Ltd. (listed on the SSE (stock code: 600837) and on the HKSE (stock code: 06837)), a managing director of COSCO (Hong Kong) Insurance Brokers Limited, the chairman and general manager of Shenzhen COSCO Insurance Brokers Limited, a manager of the commerce office under the transportation department of COSCO/China COSCO Holdings Co., Ltd. (listed on the SSE (stock code: 601919) and on the HKSE (stock code: 01919)), and a principal staff member, a deputy division director, and the division director of the commerce division under the transportation department of COSCO. Mr. SONG obtained his Ph.D. Degree in Law from Peking University in 2006 and is a senior economist.

Mr. ZHAO Peng, born in 1973, is a Non-Executive Director of the Bank. He is currently a member of the Nomination Committee and the Risk Management Committee of the Board. Mr. ZHAO is currently an assistant general manager and board secretary of Dajia Insurance Group Co., Ltd., a vice chairman of Financial Street Holdings Co., Ltd. (listed on the SZSE (stock code: 000402)) and a director of Sino-Ocean Group Holding Limited (listed on the HKSE (stock code: 03377)). Mr. ZHAO served as a director of Dajia Life Insurance Co., Ltd., a member of the team designated by the former CBIRC to take over Anbang Insurance Group, a deputy division director then division director of the development and reform department of the former CIRC, and an executive member of Rizhao Commercial Bank and a director of Beijing Tong Ren Tang Co., Ltd. (listed on the SSE (stock code: 600085)). Mr. ZHAO obtained his Ph.D. Degree in Economic Law from China University of Political Science and Law in 2014. He has the qualification for an economist.

Mr. LIANG Xinjie, born in 1977, is a Non-Executive Director of the Bank (qualification as director pending approval from the NAFR). He is currently a member of the Compensation and Remuneration Committee and the Audit Committee of the Board. He is also the general manager of Dajia Property Insurance Co., Ltd. Mr. LIANG previously served as the deputy general manager and an assistant general manager of Dajia Property Insurance Co., Ltd., the general manager of motor insurance department of Dinghe Property Insurance Company Limited (鼎和財產保險股份有限公司), and the general manager of underwriting department and the deputy general manager of motor insurance department of China United Property Insurance Company Limited (中華聯合財產保險股份有限公司). Mr. LIANG obtained a Master's Degree in Finance from Southwestern University of Finance and Economics in 2006.

Mr. LIN Li, born in 1963, is a Non-Executive Director of the Bank (qualification as director pending approval from the NAFR). He is currently a member of the Strategic Development and Consumer Rights Protection Committee of the Board. He is also the chairman of Shenzhen Liye Group Co., Ltd. (深圳市立業集團有限公司) and Chinalin Securities Co., Ltd. (華林證券股份有限公司), a director of WeBank Co., Ltd. (深圳前海微眾銀行股份有限公司), Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) and E-Capital Transfer Co., Ltd. (證通股份有限公司), a vice chairman of Federation of Industry and Commerce of Tibet Autonomous Region (西藏自治區工商聯合會), a standing committee member of Shenzhen Federation of Industry and Commerce, the chairman of Shenzhen Social Commonwealth Foundation (深圳公益基金會), a vice chairman of Federation of Shenzhen Commerce (深圳市深商總會), and a vice chairman of Society for Promotion of the Guangcai Programme of Tibet Autonomous Region (西藏自治區光彩事業促進會). Mr. LIN was previously a deputy to the Fifth People's Congress of Shenzhen, a member of the Third and Fourth CPPCC Shenzhen Committee, a supervisor of Ping An Insurance (Group) Company of China, Ltd., the chief auditor and head of accounting department of Shenzhen Shangbu Sub-branch and the head of Shenzhen Binhe Sub-branch of Bank of China, the manager of the finance department of Shenzhen Zhonghua Trading Company, an accountant of Heyuan Zijin Sub-branch of Agricultural Bank of China, and a credit officer of Heyuan Zijin Sub-branch of People's Bank of China. Mr. LIN holds a Ph.D. Degree in Finance and has the qualifications for accountant and AMAC fund practitioner.

Independent Non-Executive Directors

Mr. QU Xinjiu, born in 1964, is an Independent Non-Executive Director of the Bank. He is currently the Chairman of the Nomination Committee and a member of the Audit Committee and the Related Party Transactions Supervision Committee of the Board. He is currently a professor at China University of Political Science and Law and a part-time lawyer of Beijing Fada Law Firm. Mr. QU served previously as a deputy dean and dean of the School of Criminal Justice of China University of Political Science and Law, the director of the Institute of Criminal Law of the School of Criminal Justice of China University of Political Science and Law, and served concurrently as a deputy director of the investigation supervision department of the Supreme People's Procuratorate of the People's Republic of China, a deputy procurator-general of People's Procuratorate of Fengtai District of Beijing Municipality, and a part-time lawyer of Beijing Dadi Law Firm. Mr. QU obtained his Ph.D. Degree in Procedural Law from China University of Political Science and Law in 2001. Mr. QU has the qualifications for university teachers and lawyers.

Mr. QU has many years of experience in legal practice and can promote the diversification of composition of the Board. He provides the Board valuable advice on policy making and compliant operation.

Ms. WEN Qiuju, born in 1965, is an Independent Non-Executive Director of the Bank. She is currently the Chairman of the Audit Committee and a member of the Nomination Committee, the Compensation and Remuneration Committee, and the Related Party Transactions Supervision Committee of the Board. She currently serves as a managing partner of Da Hua Certified Public Accountants LLP and the chairman of Da Hua International Management Consulting (Beijing) Co., Ltd. (大華國際管理諮詢(北京)有限公司). Ms. WEN obtained a Master's Degree in Western Accounting from Dongbei University of Finance and Economics in 1989. Ms. WEN is a certified public accountant and a certified public valuer.

As an accounting professional, Ms. WEN has extensive experience in accounting, auditing and management consulting and can further contribute to the gender diversity of the composition of the Board. She provides valuable advice to the Board from the perspective of professional accounting and auditing.

Mr. SONG Huanzheng, born in 1968, is an Independent Non-Executive Director of the Bank. He is currently the Chairman of the Related Party Transactions Supervision Committee and a member of the Strategic Development and Consumer Rights Protection Committee, the Nomination Committee, the Compensation and Remuneration Committee and the Risk Management Committee of the Board. He currently serves as the director and senior partner of Beijing S&P Law Firm, a consultant expert for Civil Administrative Cases of the Supreme People's Procuratorate, a member of the lawyer team of the China National Committee of the International Chamber of Commerce (ICC), a standing council member of the Chinese Civil Procedural Law Association of the China Law Society, a member of the Expert Committee for China Association of Trade in Services, a standing council member of the Corporate Governance Research Branch of the China Behaviour Law Association, an expert of the think tank of the China Academy of Management Science, a member of the Capital Market and Securities Legal Affairs Professional Committee, the M&A and Reorganisation Legal Professional Committee of the Beijing Lawyers Association, an external director of a municipal state-owned enterprise under the Beijing SASAC (appointed to Beijing State-owned Assets Management Co., Ltd.), an arbitrator and a member of the Expert Advisory Committee of the Chongqing Arbitration Commission, a part-time professor of the School of Law and the director of the Legal Practice Research Centre of the Xiangtan University. Mr. SONG was the chief lawyer of China National Real Estate Development Group, a standing council member of Chinese Society of International Economic Law and an external director of a municipal state-owned enterprise under the Beijing SASAC (appointed to the Beijing Enterprises Group Company Limited). Mr. SONG obtained a Master's Degree in Economic Law from Southwest University of Political Science and Law in 1993. Mr. SONG is qualified as a lawyer.

Mr. SONG has extensive experience in corporate law, financial law, securities law and bankruptcy law, with nearly 30 years of experience as a practicing lawyer. He can diversify the composition of the Board, and provide valuable advice to the Board on corporate governance, internal control and compliance.

Mr. YEUNG Chi Wai, Jason, born in 1955, is an Independent Non-Executive Director of the Bank. He is currently the Chairman of the Compensation and Remuneration Committee and a member of the Strategic Development and Consumer Rights Protection Committee, the Nomination Committee and the Related Party Transactions Supervision Committee of the Board. Mr. YEUNG currently serves as the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited, and an independent non-executive director of China Telecom Corporation Limited. Mr. YEUNG served as an independent non-executive director of Bank of Communications Co., Ltd. and AviChina Industry & Technology Company Limited; a deputy chief executive (personal banking business) of Bank of China (Hong Kong) Limited, the board secretary of Bank of China (Hong Kong) Limited, the board secretary of Bank of China Limited; a director and legal counsel of China Everbright Limited and China Everbright International Ltd.; a lawyer and partner of Woo Kwan Lee & Lo; a member of the Hong Kong Hospital Authority Board; a director of The Hong Kong Mortgage Corporation Limited and the Financial Dispute Resolution Centre; a member of the Insurance Advisory Committee of HKSAR Government. He also worked in the Hong Kong Government and the Hong Kong Securities and Futures Commission. Mr. YEUNG obtained his Master's Degree in Business Administration from the Business School of the University of Western Ontario, Canada in 2001. Mr. YEUNG is qualified as a lawyer.

Mr. YEUNG has extensive experience in finance, legal and regulatory compliance and can diversify the composition of the Board. He provides valuable advice to the Board on corporate governance, bank management and other aspects.

Mr. CHENG Fengchao, born in 1959, is an Independent Non-Executive Director of the Bank. He is currently a member of the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, the Risk Management Committee, and the Related Party Transactions Supervision Committee of the Board. Mr. CHENG serves as the chairman of the Research Society for Finance and Industry (a social organisation), an independent non-executive director of PICC Property and Casualty Company Limited and Sinochem International Corporation, a member of the Academic Advisory Committee of the China Association for Public Companies, and a doctoral supervisor of Hunan University. Mr. CHENG was previously an equity director of Industrial and Commercial Bank of China Limited and Agricultural Bank of China Limited, an supervisor of China Everbright Group Limited, an external supervisor of Everbright Securities Company Limited, an external supervisor of China Huarong Asset Management Company Limited (currently known as "China CITIC Financial Asset Management Co., Ltd."), an independent non-executive director of Minerals Capital Company Limited, Beijing GeoEnviron Engineering & Technology, Inc., Lihuayi Weiyuan Chemical Co., Ltd. and Tongfang Co., Ltd., the legal representative of Beijing Mingjia Zhibo Enterprise Management Consulting Co., Ltd. (北京名嘉智博企業管理諮詢有限公司), the general manager of the development research department, appraisal management department, etc. of China Great Wall Asset Management Company (currently known as "China Great Wall Asset Management Co., Ltd."), and a vice chairman and the secretary general of the Hebei Institute of Certified Public Accountants. Mr. CHENG obtained his Ph.D. Degree in Management Science and Engineering from Business School of Hunan University in 2004. He is a financial science researcher, a senior accountant, a certified public accountant, and a certified public valuer in China.

Mr. CHENG has extensive experience in accounting, audit, appraisal, banking and securities business and can diversify the composition of the Board. He provides valuable advice to the Board on corporate governance and professional accounting.

Mr. LIU Hanxing, born in 1973, is an Independent Non-Executive Director of the Bank. He is currently the Chairman on the Risk Management Committee and a member of the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, and the Related Party Transactions Supervision Committee of the Board. Mr. LIU is now the general manager of Mingzhe Maosheng (Hainan) Investment Co., Ltd. He previously served as the director of the general office, asset allocation and research department and equity management department of the National Council for Social Security Fund of the People's Republic of China, an non-executive director of Bank of Communications Co., Ltd., an vice president of Beijing branch of Bank of Communications Co., Ltd., a deputy division director of the non-bank department and a deputy division director of the information centre of the former China Banking Regulatory Commission, and a principal staff member of the general office of the People's Bank of China. Mr. LIU obtained his Ph.D. Degree in Management Science and Engineering from the Graduate School of the Chinese Academy of Sciences in 2012. He holds the qualification of intermediate financial economist.

Mr. LIU specialises in asset allocation and equity investment with extensive experience in corporate governance and banking practice. He provides valuable advice to the Board on corporate governance and bank management.

Supervisors

Name	Position
Mr. YANG Yu	Vice Chairman of the Board of Supervisors and Employee Supervisor
Mr. WENG Zhenjie	Vice Chairman of the Board of Supervisors and Shareholder Supervisor
Mr. WU Di	Shareholder Supervisor
Mr. LU Zhongnan	External Supervisor
Mr LI Yu	External Supervisor
Mr. LONG Ping	Employee Supervisor

Mr. YANG Yu, born in 1964, is a Vice Chairman of the Board of Supervisors and an Employee Supervisor of the Bank. He is currently a member of the Supervisory Committee and the Nomination and Examination Committee of the Board of Supervisors, and the President of Beijing Branch of the Bank. Mr. YANG joined the Bank in 1996 and successively served as Division Director, a Deputy General Manager and then Deputy General Manager (in charge) of the Credit Management Department of the Head Office, a Deputy General Manager of the Beijing Administration Department, the President of the Real Estate Finance SBU and General Manager of the Investment Banking Department of the Bank. From July 1989 to 1996, Mr. YANG successively served as a lecturer at the Beijing Institute of Fashion Technology and a manager of the business department of Huayin International Merchants Company of Industrial and Commercial Bank of China, and from February 2012 to September 2016, he served as the president of Bairong Investment Holding Group Co., Ltd. (百榮投資控股集團有限公司). Mr. YANG obtained his Master's Degree in Economics, majoring in Business Management of Industrial Economics Department from Renmin University of China.

Mr. WENG Zhenjie, born in 1962, is a Vice Chairman of the Board of Supervisors and a Shareholder Supervisor of the Bank. He is currently a member of the Supervisory Committee and the Nomination and Examination Committee of the Board of Supervisors. Mr. WENG is the chairman of Chongqing International Trust Inc. and GuoDu Securities Co., Ltd. Mr. WENG also serves as a director of China Trust Protection Fund Co., Ltd., and China Trust Registration Corporation Limited. Mr. WENG worked as the chairman and chief executive officer of Chongqing International Trust Inc., the chairman of Southwest Securities Co., Ltd., the chairman of Chongqing Three Gorges Bank Co., Ltd., a director of Hefei Science & Technology Rural Commercial Bank Company Limited, a member of the 9th Central Economic Committee of China National Democratic Construction Association (CNDCA), a deputy officer of the 10th and 11th Central Financial Committee of CNDCA, a deputy to the third and fourth Chongqing Municipal People's Congress and a standing committee member of the standing committee of the third and fourth Chongqing Municipal People's Congress, a standing member of the 5th CPPCC Chongqing Municipal Committee, a deputy general manager of Beijing Centergate Technologies (Holding) Co., Ltd., an instructor of the Chinese People's Liberation Army Institute of Telecommunication Engineering, and a vice chairman of the Chongqing Municipal Committee of CNDCA. Mr. WENG obtained his Master's Degree in Engineering in 1986. He is a senior economist, an expert with special allowances of the State Council and has been granted the honorary title of National Model Worker.

Mr. WU Di, born in 1965, is a Shareholder Supervisor of the Bank. He is currently a member of the Supervisory Committee and the Nomination and Examination Committee of the Board of Supervisors. Mr. WU is the chairman and president of Good First Group Co., Ltd., and a director of Hangzhou United Rural Commercial Bank. Mr. WU is also a deputy to the Fujian Provincial People's Congress, a vice chairman of Fujian Federation of Commerce & Industry, an honorary vice chairman of Fujian Society for Promotion of the Guangcai Programme, the honorary chairman of the Non-Stated-Owned Enterprise Chamber of Commerce in Fujian, a member of the CPPCC Xiamen Municipal Committee, a vice chairman of Xiamen Municipal Committee of CNDCA, the vice president of the General Association of Liaoning Entrepreneurs, the honorary chairman of the Xiamen Chamber of Commerce in Shanghai, the chairman of the Liaoning Chamber of Commerce in Fujian and a council member of Jimei University. Mr. WU obtained his Ph.D. Degree in Economics from Renmin University of China and now serves as a director of the education foundation and a guest professor of Renmin University of China. Mr. WU is a senior economist.

Mr. LU Zhongnan, born in 1955, is currently an External Supervisor of the Bank. He is currently the Chairman of the Nomination and Examination Committee and a member of the Supervisory Committee of the Board of Supervisors of the Bank. Mr. LU is currently an independent non-executive director of Yantai Bank Co., Ltd. and Harbin Bank Financial Leasing Co., Ltd. (哈銀金融租賃有限責任公司). Mr. LU was previously an independent non-executive director of Qilu Bank Co., Ltd. (listed on the National Equities Exchange and Quotations) (stock code: 832666). Mr. LU graduated from the postgraduate course for advanced studies in Economic Management from Heilongjiang Provincial Academy of Social Sciences. He is currently a senior economist.

Mr. LI Yu, born in 1974, is currently an External Supervisor of the Bank. He is currently the Chairman of the Supervisory Committee and a member of the Nomination and Examination Committee of the Board of Supervisors of the Bank. Mr. LI is a vice chairman of Shanghai Innovation Investment Limited (上海創新投資有限公司) and the CEO of Ranger-Duree Healthcare Management Group Co., Ltd. Mr. LI was previously the executive president of Shandong Yatai Zhonghui Group Co., Ltd. (山東亞太中慧集團) and a vice president of Pacific Alliance Group. Mr. LI obtained his Master's Degree in Economics (majoring in Finance) from the School of Finance of Renmin University of China.

Mr. LONG Ping, born in 1971, is an Employee Supervisor of the Bank. He is currently a member of the Supervisory Committee of the Bank. Mr. Long Ping joined the Bank in 1997 and successively served as the chief of the operation management division of the Accounting and Settlement Department, an assistant to the general manager of the Accounting and Settlement Department, an assistant to the general manager of the Operation Management Department, a deputy general manager of the Operation Management Department, a deputy general manager (in charge of work) of the Operation Management Department, the general manager of the Operation Management Department, and the general manager of the Audit Department of the Head Office. Mr. Long Ping also served as a foreign exchange accountant at Industrial and Commercial Bank of China, Shenzhen Branch, from July 1992 to 1997. Mr. Long Ping graduated from the School of Economics and Management of Beijing Jiaotong University and obtained a master degree in business administration.

Senior Management

Name	Position
Mr. WANG Xiaoyong	President, Vice Chairman and Executive Director
Mr. ZHANG Juntong	Executive Vice President and Executive Director
Mr. SHI Jie	Executive Vice President
Ms. LI Bin	Executive Vice President and Board Secretary
Mr. LIN Yunshan	Executive Vice President
Mr. HUANG Hongri	Executive Vice President
Mr. ZHANG Bin	Chief Information Officer
Mr. GONG Zhijian	Business Director

Mr. WANG Xiaoyong, is the President, Vice Chairman of the Board and an Executive Director of the Bank. Please refer to his biography in "*Directors – Executive Directors*".

Mr. ZHANG Juntong, is an Executive Vice President and an Executive Director of the Bank. Please refer to his biography in "*Directors – Executive Directors*".

Mr. SHI Jie, born in 1965, is an Executive Vice President of the Bank. Mr. SHI joined the Bank in 1998 and served as General Manager of Planning and Finance Department of Shijiazhuang Sub-Branch of the Bank. He successively served as General Manager of the Business Department of Shijiazhuang Branch since 2001, Deputy Division Director (in charge) of the Risk Management Department of Head Office of the Bank since 2001, an Assistant General Manager and a Deputy General Manager of the Credit Assessment Department of Head Office since 2004, the Head of the Preparatory Team and President of Changchun Branch since 2008, General Manager of the Credit Assessment Department of Head Office since August 2009 and an Assistant President of the Bank since 2012. Prior to joining the Bank, Mr. SHI served as a section chief of the finance division of Hebei University of Economics and Business from 1995 to 1998 and an executive member of Taihang Industrial Co., Ltd. of Hebei Institute of Finance and Economics from 1992 to 1995. Mr. SHI obtained his Master's Degree in Management from Tianjin Institute of Finance and Economics.

Ms. LI Bin, born in 1967, is an Executive Vice President and the Board Secretary of the Bank. Ms. LI joined the Bank in 1995 and served as Division Director (in charge) of the Capital Division of the International Business Department of the Bank. She served as a Deputy General Manager of the Financial Institutions Department since 2000, the General Manager of the Derivatives Products Department since 2007, the President of the Financial Markets Department since 2009 and an Assistant President of the Bank since 2012. Prior to joining the Bank, Ms. LI worked in the international department of the Beijing branch of Agricultural Bank of China from August 1990 to July 1995. Ms. LI obtained her Ph.D. Degree in Finance from the School of Finance of Renmin University of China.

Mr. LIN Yunshan, born in 1970, is an Executive Vice President of the Bank. He is also the Chairman of the Board of Supervisors of China UnionPay Co., Ltd. Mr. LIN joined the Bank in 2001, and successively served as Division Director of the Bills Business Division of the Corporate Business Department from 2002 to 2003, an Assistant General Manager of the Corporate Business Department from 2003 to 2005, a Vice President of Shenzhen Branch from 2005 to 2007, a Director of the Office of Corporate Banking Management Committee and then General Manager of the Corporate Banking Department from 2007 to 2012, and an Assistant President of the Bank since 2012. Prior to joining the Bank, Mr. LIN worked for the PBOC as a deputy principal staff member and a principal staff member of the payment and settlement division of the accounting department from 1993 to 1998, a principal staff member of the payment system division of the payment technology department from 1998 to 1999 and a principal staff member of the CCB supervisory division of the supervisory department I from 1999 to 2001. Mr. LIN obtained his Master's Degree in Economics from Renmin University of China.

Mr. HUANG Hongri, born in 1972, is an Executive Vice President of the Bank. Mr. HUANG is currently the General Manager of the Credit Approval Department of the Bank. In the Bank, Mr. HUANG used to serve as Division Director of the Information and Planning Centre of the Corporate Banking Department, the Marketing Director of the Energy Finance SBU, the President of the Nanning Branch, the General Manager of the Corporate Banking Department, the General Manager of the Corporate Business Strategic Planning Department of the Corporate and Investment Banking SBU, the President of the Guangzhou Branch and the General Manager of the Credit Management Department. Mr. HUANG graduated from Hunan University of Finance and Economics with a Bachelor's Degree in 1993, and obtained his Master's Degree in International Finance from Hunan University in 2003. He is currently an economist.

Mr. ZHANG Bin, born in 1967, is the Chief Information Officer of the Bank. Prior to joining the Bank, Mr. ZHANG served as the chief information officer of Ping An Bank from 2018 to 2021, a member of the preparatory team, a vice president and chief information officer, and an executive director of Zhongyuan Bank from 2014 to 2017, an assistant general manager, a deputy general manager (in charge), the general manager, and technical director of the IT department of the Head Office of CITIC Bank from 2005 to 2014, an engineer, a manager, an assistant general manager, and a deputy general manager of the IT department of China Merchants Bank Beijing Branch from 1996 to 2005, and an engineer of the technology section of No. 1 Radio Factory in Huainan City of Anhui Province from 1989 to 1993. Mr. ZHANG obtained his Master's Degree in Software Engineering from the Institute of Software of the Chinese Academy of Sciences and EMBA Degree from China Europe International Business School.

Mr. GONG Zhijian, born in 1967, is the Business Director of the Bank. Mr. GONG joined the Bank in 2001 and successively served as the General Manager of the Human Resources Department of Shenzhen Branch, the Division Director of the Human Resources Management Division, Division Director of the Remuneration and Compensation Management Division, an Assistant General Manager and a Deputy General Manager of the Human Resources Department of the Head Office, a Deputy General Manager (in charge) and the General Manager of the Development Planning Department of the Head Office, and the President of Chengdu Branch, and the General Manager of the Human Resources Department of the Head Office. Mr. GONG obtained his Ph.D. Degree in Business Administration from Wuhan University.

The Company Secretary

Ms. CHEUNG Yuet Fan is a director of Corporate Services of Tricor Services Limited ("**Tricor**", a global professional services provider specializing in integrated business, corporate and investor services). Ms. CHEUNG has over 30 years of experience in the corporate secretarial field. Ms. CHEUNG is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. CHEUNG obtained a Bachelor of Arts degree in Accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

Board Committees

The Bank's board of directors delegates certain responsibilities to various committees. The Bank's board of directors has set up six special committees as described below.

Strategic Development and Consumer Rights Protection Committee

This committee is responsible for execution of supports on decision-making, active promotion of strategic management, continuous optimisation of capital management, active promotion of investment management, enhancement of the management of subsidiaries, continuous optimisation of the management of consolidated financial statements of the Bank, improvement of inclusive finance, customer rights protection and social responsibilities and optimisation of data management.

Risk Management Committee

This committee is responsible for creating and reviewing the Bank's risk management policies and indicators, conducting research on financial markets and the macroeconomic climate, reviewing the Bank's compliance with law and regulation, reviewing risk management reports and indicators and contingency planning for potential major operational risks faced by the Bank.

Related Party Transactions Supervision Committee

This committee is responsible for reviewing transactions with related parties and maintaining records of related parties.

Nomination Committee

This committee is responsible for evaluating the independence of the Bank's independent non-executive directors and reviewing candidates for senior management roles or non-executive director.

Compensation and Remuneration Committee

This committee is responsible for managing the Bank's remuneration systems and evaluating the targets and performance of directors and senior management.

Audit Committee

This committee is responsible for managing internal branch inspections, reviewing the Bank's financial statements and internal controls and assessing and appointing external auditors.

TAXATION

The section entitled "Taxation – Hong Kong – Profits tax" in the Original Offering Circulars shall be deleted in its entirety and replaced with the following:

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong; or

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

GENERAL INFORMATION

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and the issue of the Notes. The issue of the Notes was authorised by the resolutions of the Board on 21 February 2023 and the resolution of shareholders on 9 June 2023.

Litigation

As at the date of this Supplemental Offering Circular, the Issuer, the Bank and other members of the Group are not involved in any litigation, arbitration, administrative proceedings or claims, whether pending or threatened, which have or may have a material adverse effect on the financial condition or results of operations of the Group or which are otherwise material in the context of the issue of the Notes.

NDRC Certificate

Pursuant to the NDRC Administrative Measures, the Bank has obtained the NDRC Certificate. However, the Issuer will still be required to report or cause to be reported the requisite information and documents in connection with the Notes to the NDRC in accordance with the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time.

No Material Adverse Change

Since 30 June 2024, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the Issuer, the Bank and the Group.

Documents Available

For so long as the Notes are outstanding, copies of the following documents will be available (upon written request), during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Issuer at Flat/Rm 3701-3702, 12-16, 37/F & 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong and at the specified office of the Fiscal Agent, being at the date of this Supplemental Offering Circular, at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong:

(i) the Agency Agreement (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons, the Receipts and the Talons);

(ii) the Deed of Covenant;

(iii) the constitutive documents of the Bank;

(iv) the audited consolidated financial statements of the Group as at and for the years ended 31 December 2022 and 2023;

(v) the unaudited but reviewed condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2024;

(vi) the most recent annual and interim reports (including the financial statements) published by the Bank;

(vii) the Pricing Supplement; and

(viii) a copy of this Supplemental Offering Circular together with any supplement to this Supplemental Offering Circular and any other documents incorporated herein or therein referenced.

Financial Statements

The Audited Financial Statements, which are included in this Supplemental Offering Circular, were audited by PwC, the independent auditors of the Bank, and prepared in accordance with IFRS issued by the IASB, as stated in its report appearing herein. The Audited Financial Statements were extracted from the Group's published annual report as at and for the year ended 31 December 2023 and has been published on the HKSE.

The Interim Financial Statements, which are included in this Supplemental Offering Circular, were prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" and reviewed by PwC in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the IAASB, as stated in its report appearing herein. The Interim Financial Statements have been published on the HKSE.

The Interim Financial Statements are not necessarily indicative of the results that may be expected for the year ended 31 December 2024 or any period thereafter. Neither of the Joint Lead Managers nor the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the Interim Financial Statements set out in this Supplemental Offering Circular or their respective sufficiency for an assessment of the Bank's or the Group's financial condition and results of operations. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

Listing of the Notes

Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to the Professional Investors only. It is expected that the listing of, and the permission to deal in, the Notes on the HKSE will commence on 16 September 2024.

INDEX TO THE FINANCIAL STATEMENTS

Notes:

(1) The unaudited but reviewed condensed consolidated interim financial statements for the six months ended 30 June 2024 are reproduced from the Bank's results announcement for the six months ended 30 June 2024. Page references referred to in the report are to pages set out in such results announcement. The review report and the condensed consolidated interim financial statements of the Bank have not been specifically prepared for inclusion in this Supplemental Offering Circular.

(2) The consolidated financial statements of the Bank for the year ended 31 December 2023 together with the independent auditor's report set out herein are reproduced from the Bank's annual report for the year ended 31 December 2023. Page references referred to in the report are to pages set out in such annual report. The independent auditor's report and the consolidated financial statements of the Bank have not been specifically prepared for inclusion in this Supplemental Offering Circular.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
To the Board of Directors of China Minsheng Banking Corp., Ltd.
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 140 to 264, which comprises the condensed consolidated statement of financial position of China Minsheng Banking Corp., Ltd. (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2024 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Interest income		**127,963**	133,080
Interest expense		**(79,381)**	(81,746)
Net interest income	1	**48,582**	51,334
Fee and commission income		**11,458**	13,441
Fee and commission expense		**(1,813)**	(2,605)
Net fee and commission income	2	**9,645**	10,836
Net trading gain	3	**4,001**	2,848
Net gain from investment securities	4	**1,854**	3,609
Including: disposals of financial assets measured at amortised cost		**1,024**	850
Net other operating income	5	**1,507**	1,241
Operating expenses	6	**(21,453)**	(22,179)
Credit impairment losses	7	**(20,551)**	(22,210)
Other impairment losses	8	**(109)**	(732)
Profit before income tax		**23,476**	24,747
Income tax expense	9	**(767)**	(775)
Net profit		**22,709**	23,972
Net profit attributable to:			
Equity holders of the Bank		**22,474**	23,777
Non-controlling interests		**235**	195
Earnings per share (expressed in RMB Yuan)			
Basic and diluted earnings per share	10	**0.43**	0.46

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Six months ended 30 June 2024 (unaudited)	Six months ended 30 June 2023 (unaudited)
Net profit		**22,709**	23,972
Other comprehensive income of the period, net of tax	40	**2,036**	2,721
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income		**146**	742
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
Changes in fair value		**1,825**	1,726
Allowance for impairment losses		**17**	216
Effective hedging portion of gains or losses arising from cash flow hedging instruments		**23**	39
Exchange difference on translating foreign operations		**25**	(2)
Total comprehensive income of the period		**24,745**	26,693
Total comprehensive income attributable to:			
Equity holders of the Bank		**24,442**	26,302
Non-controlling interests		**303**	391

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	**30 June 2024 (unaudited)**	31 December 2023 (audited)
ASSETS			
Cash and balances with central bank	11	**289,136**	390,367
Balances with banks and other financial institutions	12	**66,046**	129,678
Precious metals		**30,851**	28,285
Placements with banks and other financial institutions	13	**177,130**	172,778
Derivative financial assets	14	**20,352**	24,797
Financial assets held under resale agreements	15	**21,163**	35,773
Loans and advances to customers	16	**4,364,821**	4,323,908
Financial investments:	17		
– Financial assets at fair value through profit or loss		**325,974**	320,547
– Financial assets measured at amortised cost		**1,526,370**	1,531,024
– Financial assets at fair value through other comprehensive income		**422,092**	420,571
Long-term receivables	18	**123,042**	119,434
Property and equipment	19	**61,357**	60,490
Right-of-use assets	20(1)	**12,869**	13,279
Deferred income tax assets	21	**57,831**	54,592
Other assets	23	**51,979**	49,442
Total assets		**7,551,013**	7,674,965
LIABILITIES			
Borrowings from central bank		**296,279**	326,454
Deposits and placements from banks and other financial institutions	25	**1,182,301**	1,242,059
Financial liabilities at fair value through profit or loss	26	**57,874**	35,827
Borrowings from banks and other financial institutions	27	**118,851**	115,715
Derivative financial liabilities	14	**24,748**	29,276
Financial assets sold under repurchase agreements	28	**176,274**	191,133
Deposits from customers	29	**4,137,534**	4,353,281
Lease liabilities	20(2)	**9,322**	9,560
Provisions	30	**1,481**	1,787
Debt securities issued	31	**855,678**	675,826
Current income tax liabilities		**3,235**	1,392
Deferred income tax liabilities	21	**229**	214
Other liabilities	32	**77,565**	54,640
Total liabilities		**6,941,371**	7,037,164

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	**30 June 2024 (unaudited)**	31 December 2023 (audited)
EQUITY			
Share capital	33	**43,782**	43,782
Other equity instrument		**55,000**	95,000
Including: Preference shares	34	**20,000**	20,000
Perpetual bonds	35	**35,000**	75,000
Reserves			
Capital reserve	33	**58,111**	58,111
Surplus reserve	37	**58,805**	58,805
General reserve	37	**95,391**	95,237
Other reserves	40	**3,992**	2,022
Retained earnings	37	**281,060**	271,645
Total equity attributable to equity holders of the Bank		**596,141**	624,602
Non-controlling interests	38	**13,501**	13,199
Total equity		**609,642**	637,801
Total liabilities and equity		**7,551,013**	7,674,965

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

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

Gao Yingxin
Chairman

Wang Xiaoyong
President

Wen Qiuju
Director

(Company Seal)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	33	34&35	33	37	37	40	40	40	37		38	
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801
(I) Net profit	–	–	–	–	–	–	–	–	22,474	22,474	235	22,709
(II) Other comprehensive income, net of tax	–	–	–	–	–	1,920	25	23	–	1,968	68	2,036
Total comprehensive income	–	–	–	–	–	1,920	25	23	22,474	24,442	303	24,745
(III) Capital injection and deduction by equity holders												
1. Capital injection by other equity instrument holders	–	(40,000)	–	–	–	–	–	–	–	(40,000)	–	(40,000)
(IV) Profit distribution												
1. Appropriation to general reserve	–	–	–	–	154	–	–	–	(154)	–	–	–
2. Cash dividends	–	–	–	–	–	–	–	–	(9,457)	(9,457)	(1)	(9,458)
3. Perpetual bond interest	–	–	–	–	–	–	–	–	(3,440)	(3,440)	–	(3,440)
(V) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	2	–	–	(2)	–	–	–
(VI) Others												
1. Subsidiaries shares repurchased	–	–	–	–	–	–	–	–	(6)	(6)	–	(6)
At 30 June 2024	43,782	55,000	58,111	58,805	95,391	3,429	557	6	281,060	596,141	13,501	609,642

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

Unaudited	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	33	34&35	33	37	37	40	40	40	37		38	
At 31 December 2022	43,782	95,000	58,111	55,276	90,494	(1,079)	466	1	257,877	599,928	12,886	612,814
(I) Net profit	–	–	–	–	–	–	–	–	23,777	23,777	195	23,972
(II) Other comprehensive income, net of tax	–	–	–	–	–	2,348	138	39	–	2,525	196	2,721
Total comprehensive income	–	–	–	–	–	2,348	138	39	23,777	26,302	391	26,693
(III) Profit distribution												
1. Appropriation to general reserve	–	–	–	–	179	–	–	–	(179)	–	–	–
2. Cash dividends	–	–	–	–	–	–	–	–	(9,369)	(9,369)	(4)	(9,373)
3. Perpetual bond interest	–	–	–	–	–	–	–	–	(3,440)	(3,440)	–	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	40	–	–	(40)	–	–	–
(V) Others												
1. Subsidiaries shares repurchased	–	–	–	–	–	–	–	–	(2)	(2)	(1)	(3)
At 30 June 2023	43,782	95,000	58,111	55,276	90,673	1,309	604	40	268,624	613,419	13,272	626,691

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

Audited	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	33	34&35	33	37	37	40	40	40	37		38	
At 31 December 2022	43,782	95,000	58,111	55,276	90,494	(1,079)	466	1	257,877	599,928	12,886	612,814
(I) Net profit	–	–	–	–	–	–	–	–	35,823	35,823	163	35,986
(II) Other comprehensive income, net of tax	–	–	–	–	–	2,494	66	(18)	–	2,542	190	2,732
Total comprehensive income	–	–	–	–	–	2,494	66	(18)	35,823	38,365	353	38,718
(III) Profit distribution												
1. Appropriation to surplus reserve	–	–	–	3,529	–	–	–	–	(3,529)	–	–	–
2. Appropriation to general reserve	–	–	–	–	4,743	–	–	–	(4,743)	–	–	–
3. Cash dividends	–	–	–	–	–	–	–	–	(10,245)	(10,245)	(37)	(10,282)
4. Perpetual bond interest	–	–	–	–	–	–	–	–	(3,440)	(3,440)	–	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	92	–	–	(92)	–	–	–
(V) Others												
1. Subsidiaries shares repurchased	–	–	–	–	–	–	–	–	(6)	(6)	(3)	(9)
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Expressed in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Profit before income tax	**23,476**	24,747
Adjustments for:		
– Credit impairment losses	**20,551**	22,210
– Other impairment losses	**109**	732
– Depreciation and amortisation	**4,395**	4,137
– Gains/Losses on disposal of property and equipment	**(327)**	28
– Losses from changes in fair value	**4,430**	2,413
– Net gains on disposal of investment securities	**(5,065)**	(4,910)
– Interest expense on debt securities issued	**9,362**	8,350
– Interest expense on lease liabilities	**168**	165
– Interest income from financial investments	**(28,396)**	(29,791)
Subtotal	**28,703**	28,081
Changes in operating assets:		
Net decrease in balances with central bank, banks and other financial institutions	**38,219**	10,152
Net (increase)/decrease in placements with banks and other financial institutions	**(2,185)**	7,788
Net decrease/(increase) in financial assets held under resale agreements	**14,608**	(7,016)
Net increase in loans and advances to customers	**(55,966)**	(265,774)
Net increase in financial assets held for trading purposes	**(11,087)**	(27,817)
Net increase in other operating assets	**(5,441)**	(20,510)
Subtotal	**(21,852)**	(303,177)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2024
(Expressed in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Cash flows from operating activities: (continued)		
Changes in operating liabilities:		
Net (decrease)/increase in borrowings from central bank	**(31,317)**	35,776
Net (decrease)/increase in deposits from customers	**(218,271)**	247,934
Net (decrease)/increase in deposits and placements from banks and other financial institutions	**(59,626)**	51,500
Net (decrease)/increase in financial assets sold under repurchase agreements	**(14,745)**	27,543
Income tax paid	**(2,680)**	(3,343)
Net increase in other operating liabilities	**35,945**	24,317
Subtotal	**(290,694)**	383,727
Net cash (used in)/generated from operating activities	**(283,843)**	108,631
Cash flows from investing activities:		
Proceeds from sale and redemption of investments and investment income	**1,136,478**	833,127
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	**1,922**	920
Cash payment for investments	**(1,099,682)**	(833,348)
Cash payment for purchase of property and equipment, intangible assets and other long-term assets	**(4,359)**	(3,392)
Net cash generated from/(used in) investing activities	**34,359**	(2,693)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2024
(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note 4	**2024 (unaudited)**	2023 (unaudited)
Cash flows from financing activities:			
Cash paid for redemption of other equity instruments		**(40,000)**	–
Proceeds from issue of debt securities		**780,546**	506,253
Repayment of debt securities issued		**(606,378)**	(530,375)
Subsidiaries shares repurchased		**(6)**	(3)
Interest paid on perpetual bonds		**(3,440)**	(3,440)
Dividends paid and interest paid on debt securities issued		**(4,013)**	(12,030)
Cash payment in other financing activities		**(1,704)**	(1,822)
Net cash generated from/(used in) financing activities		**125,005**	(41,417)
Effect of exchange rate changes on cash and cash equivalents		**181**	1,646
Net (decrease)/increase in cash and cash equivalents		**(124,298)**	66,167
Cash and cash equivalents at 1 January		**237,336**	128,305
Cash and cash equivalents at 30 June	41	**113,038**	194,472

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

1 GENERAL INFORMATION

China Minsheng Banking Corp., Ltd. (the "Bank") is a national joint-stock commercial bank established in the People's Republic of China ("PRC") on 7 February 1996 with the approval of the State Council of the PRC and the People's Bank of China ("PBOC").

The Bank obtained the financial service certificate No. B0009H111000001 as approved by the former China Banking and Insurance Regulatory Commission (The former "CBIRC") (In 2023, the regulator was renamed as the National Financial Regulation Administration, The "NFRA"), and the business license as approved by the Beijing Administration for Industry and Commerce, the unified social credit code is No. 91110000100018988F.

The Bank's A Shares and H Shares are listed in the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the stock codes are 600016 and 01988, respectively.

In the interim financial information for the six months ended 30 June 2024, China mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Overseas refers to Hong Kong, Macau, Taiwan and other countries and regions.

The Bank and its subsidiaries (collectively the "Group") mainly provide corporate and personal banking, treasury business, financial leasing, fund and asset management, investment banking and other financial services in the PRC.

As at 30 June 2024, the Bank has 43 tier-one branches and 33 subsidiaries.

2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The interim financial information for the six months ended 30 June 2024 have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies and critical accounting estimates and judgements used in preparing the unaudited interim financial information are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

The interim financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023, which have been audited.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Standards and amendments effective in 2024 relevant to and adopted by the Group

In current period, the Group has adopted the following International Financial Reporting Standards ("IFRSs") and amendments issued by the International Accounting Standards Board ("IASB").

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The adoption of the above standards and amendments does not have material impact on the operating results and financial position of the Group.

3.2 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group

In current period, the Group has not adopted the following amendments issued by the IASB, that have been issued but are not yet effective.

Standards/Amendments		Effective date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The effective date has now been deferred.
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosure	1 January 2027

In addition to the impact of IFRS18 being evaluated, the Group anticipates that the adoption of the above amendments will not have material impact on the Group's condensed consolidated financial statements.

4 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4.1 Net interest income

	Six months ended 30 June	
	2024	2023
Interest income arising from:		
Loans and advances to customers	**89,312**	92,399
Including: Corporate loans and advances	**46,517**	46,187
Personal loans and advances	**40,781**	43,710
Discounted bills	**2,014**	2,502
Financial investments	**28,396**	29,791
Including: Financial assets measured at amortised cost	**22,574**	23,038
Financial assets at fair value through other comprehensive income	**5,822**	6,753
Long-term receivables	**3,438**	3,301
Placements with banks and other financial institutions	**3,095**	3,717
Balances with central bank	**2,212**	2,422
Financial assets held under resale agreements	**718**	831
Balances with banks and other financial institutions	**792**	619
Subtotal	**127,963**	133,080
Interest expense arising from:		
Deposits from customers	**(46,447)**	(48,146)
Deposits and placements from banks and other financial institutions	**(15,504)**	(19,295)
Debt securities issued	**(9,362)**	(8,350)
Borrowings from central bank	**(3,859)**	(2,299)
Borrowings from banks and other financial institutions	**(2,499)**	(2,112)
Financial assets sold under repurchase agreements	**(1,542)**	(1,379)
Lease liabilities	**(168)**	(165)
Subtotal	**(79,381)**	(81,746)
Net interest income	**48,582**	51,334
Of which:		
Interest income from impaired loans and advances to customers	**768**	693

4 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4.2 Net fee and commission income

	Six months ended 30 June	
	2024	2023
Fee and commission income from		
Bank card services	**5,217**	5,276
Agency services	**2,299**	4,008
Custodian and other fiduciary services	**1,739**	2,331
Settlement and clearance services	**1,019**	1,096
Credit commitments	**546**	556
Others	**638**	174
Subtotal	**11,458**	13,441
Fee and commission expense	**(1,813)**	(2,605)
Net fee and commission income	**9,645**	10,836

4.3 Net trading gain

	Six months ended 30 June	
	2024	2023
Net gains from interest rate products	**3,090**	2,174
Net losses from foreign-exchange and foreign exchange products	**(124)**	(106)
Others	**1,035**	780
Total	**4,001**	2,848

4.4 Net gain from investment securities

	Six months ended 30 June	
	2024	2023
Financial instruments at fair value through profit or loss	**(1,857)**	1,405
Financial assets at fair value through other comprehensive income	**2,687**	1,354
Financial assets measured at amortised cost	**1,024**	850
Total	**1,854**	3,609

4.5 Net other operating income

	Six months ended 30 June	
	2024	2023
Operating leases income	**2,138**	2,162
Government subsidies	**216**	401
Operating leases costs	**(1,530)**	(1,604)
Others	**683**	282
Total	**1,507**	1,241

4.6 Operating expenses

	Six months ended 30 June	
	2024	2023
Staff costs, including directors' emoluments		
– Salaries, bonuses, allowances and subsidies payables	**10,750**	11,780
– Post-employment benefits-defined contribution plan	**1,493**	1,320
Depreciation and amortisation	**3,343**	3,118
Short-term lease expenses, low-value lease expenses and property management expenses	**424**	459
Tax and surcharges		
– Urban Maintenance Construction Tax	**401**	419
– Educational fee surcharge	**178**	189
– Other	**303**	435
Office expenses, business expenses and others	**4,561**	4,459
Total	**21,453**	22,179

4.7 Credit impairment losses

	Six months ended 30 June	
	2024	2023
Loans and advances to customers	**18,123**	19,435
Financial assets measured at amortised cost	**1,787**	1,908
Financial assets at fair value through other comprehensive income	**(78)**	397
Long-term receivables	**512**	529
Other receivables	**302**	161
Others	**(95)**	(220)
Total	**20,551**	22,210

4.8 Other impairment losses

	Six months ended 30 June	
	2024	2023
Foreclosed assets	**135**	732
Others	**(26)**	–
Total	**109**	732

4.9 Income tax expense

	Six months ended 30 June	
	2024	2023
Current income tax for the period	**4,477**	2,732
Deferred income tax (Note 4.21)	**(3,710)**	(1,957)
Total	**767**	775

Reconciliation between income tax expense and accounting profit of the Group is listed as follows:

		Six months ended 30 June	
		2024	2023
Profit before income tax		**23,476**	24,747
Income tax at the tax rate of 25%		**5,869**	6,187
Effect of non-taxable income	(a)	**(4,694)**	(5,110)
Effect of non-deductible expenses	(b)	**352**	517
Effect of interest expense on perpetual debt		**(860)**	(860)
Settlement variance and others		**100**	41
Income tax expense		**767**	775

(a) The non-taxable income mainly represents interest income arising from PRC government bonds and municipal bonds, as well as dividends arising from fund investments, which are exempted from income tax.

(b) It mainly includes tax effects of losses written-off that are not deductible before tax, as well as business entertainment expenses and deposit insurance premiums in excess of their respective pre-tax deductible limits.

OECD Pillar Two model rules

In December 2021, the OECD published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (the "Pillar Two").

The Group is within the scope of the Pillar Two rules. Some members of our group are involved in the legislation of Pillar 2 regulations in their jurisdiction, which is effective in 2024. The Group is currently analysing the potential impact of Pillar Two.

4.10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity shareholders of the Bank by the weighted average number of issued ordinary shares during the period. Diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity shareholders of the Bank by the adjusted weighted average number of ordinary shares in issue.

The Bank issued non-cumulative preference shares and perpetual bonds in 2019, 2021 and 2022 respectively under the terms and conditions as detailed in Note 4.34 Preference Shares and Note 4.35 Perpetual Bonds.

The conversion feature of the preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 30 June 2024 and 31 December 2023, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation for the six months ended 30 June 2024 and for the six months ended 30 June 2023.

	Six months ended 30 June	
	2024	2023
Profit for the period attributable to equity holders of the Bank	**22,474**	23,777
Less: profit for the period attributable to other equity instrument holders of the Bank	**(3,440)**	(3,440)
Net profit attributable to ordinary equity holders of the Bank	**19,034**	20,337
Weighted average number of ordinary shares in issue (in millions)	**43,782**	43,782
Basic/Diluted earnings per share (in RMB Yuan)	**0.43**	0.46

4.11 Cash and balances with central bank

	30 June 2024	31 December 2023
Cash	**5,652**	7,002
Balances with central bank		
Mandatory reserve deposits	**250,789**	291,972
Surplus reserve deposits	**32,020**	90,705
Fiscal deposits and others	**561**	556
Subtotal	**283,370**	383,233
Interest accrued	**114**	132
Total	**289,136**	390,367

4.11 Cash and balances with central bank (continued)

The Group places mandatory reserve deposits in accordance with the relevant provisions of PBOC or local regulators. The mandatory reserve deposits are not available for use in the Group's daily business.

As at 30 June 2024 the mandatory reserve deposits rate applicable to domestic branches of the Bank for RMB deposits is 6.5% (31 December 2023: 7.0%) and the reserve rate for foreign currency deposits is 4.0% (31 December 2023: 4.0%). The amount of mandatory reserve deposits of the subsidiaries and overseas branches of the Group are determined by local jurisdiction.

Surplus reserve deposits maintained with the PBOC is for the purposes of clearing interbank transactions.

4.12 Balances with banks and other financial institutions

	30 June 2024	31 December 2023
China mainland		
– Banks	**39,515**	103,176
– Other financial institutions	**5,097**	5,136
Subtotal	**44,612**	108,312
Overseas		
– Banks	**19,475**	19,795
– Other financial institutions	**1,859**	1,452
Subtotal	**21,334**	21,247
Interest accrued	**102**	123
Less: allowance for impairment losses	**(2)**	(4)
Total	**66,046**	129,678

For the six months ended 30 June 2024 and for the year ended 31 December 2023, the movements in carrying amount of book value and the impairment loss allowances of balances with banks and other financial institutions between stages were insignificant.

4.13 Placements with banks and other financial institutions

	30 June 2024	31 December 2023
China mainland		
– Banks	**10,685**	8,302
– Other financial institutions	**143,073**	142,298
Subtotal	**153,758**	150,600
Overseas		
– Banks	**22,377**	19,429
– Other financial institutions	**2,254**	3,866
Subtotal	**24,631**	23,295
Interest accrued	**353**	396
Less: allowance for impairment losses	**(1,612)**	(1,513)
Total	**177,130**	172,778

Movements in allowance for impairment losses of placements with banks and other financial institutions

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(537)**	**–**	**(976)**	**(1,513)**
Net reversal/(charge)	**118**	**–**	**(217)**	**(99)**
Balance as at 30 June 2024	**(419)**	**–**	**(1,193)**	**(1,612)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(585)	–	(1,277)	(1,862)
Net reversal/(charge)	48	–	(271)	(223)
Write-offs and transfer out	–	–	572	572
Balance as at 31 December 2023	(537)	–	(976)	(1,513)

4.14 Derivatives

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

4.14 Derivatives (continued)

(1) The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

	30 June 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign exchange derivatives	**2,590,720**	**16,177**	**(14,514)**
Interest rate derivatives	**2,175,528**	**1,688**	**(615)**
Precious metal derivatives	**115,012**	**2,449**	**(9,619)**
Others	**1,782**	**38**	**–**
Total		**20,352**	**(24,748)**

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign exchange derivatives	2,554,436	22,130	(22,011)
Interest rate derivatives	1,916,448	1,733	(676)
Precious metal derivatives	70,252	908	(6,585)
Others	1,352	26	(4)
Total		24,797	(29,276)

(2) Hedges

		30 June 2024		
		Notional amount	Fair value	
			Assets	Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	**8,531**	**81**	**(20)**
Fair value hedges				
– Interest Rate swap contracts	(b)	**60,535**	**831**	**(30)**
Total			**912**	**(50)**

		31 December 2023		
		Notional amount	Fair value	
			Assets	Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	14,378	148	(136)
Fair value hedges				
– Interest Rate swap contracts	(b)	64,261	968	(84)
Total			1,116	(220)

4.14 Derivatives (continued)

(2) Hedges (continued)

(a) The Group uses foreign exchange swaps to hedge against cash flow fluctuations arising from its exposures to foreign exchange risks. The hedged items include foreign bond investments of the Group, loans and advances denominated in foreign currencies, and foreign currency lending to other banks and financial institutions. For the six months ended 30 June 2024 and for the six months ended 30 June 2023, the accumulative profits or losses recognised in other comprehensive income arising from fair value changes of cash flow hedging instruments were insignificant.

(b) The Group uses interest rate swaps to hedge against changes in fair value of fixed rate bonds. For the six months ended 30 June 2024 and for the six months ended 30 June 2023, the fair value changes of hedging instruments and the net gains or losses arising from the hedged risk relating to the hedged items, which were the ineffective part of fair value hedging recognised in fair value changes, were insignificant.

(3) Credit risk weighted amount

	30 June 2024	31 December 2023
Credit risk weighted amount for counterparty	**21,181**	16,361

The credit risk weighted amount represents the counterparty credit risk associated with derivative transactions and is calculated with reference to the guidelines issued by the former CBIRC. The amount calculated is dependent on, among other factors, the credit worthiness of the counterparty and the maturity characteristics of each type of contract. The credit risk weighted amounts stated above have taken the effects of netting arrangements into account.

4.15 Financial assets held under resale agreements

Financial assets held under resale agreements are listed as follows according to collateral:

	30 June 2024	31 December 2023
Bonds	**20,717**	35,325
Others	**435**	435
Subtotal	**21,152**	35,760
Interest accrued	**29**	39
Less: allowance for impairment losses	**(18)**	(26)
Total	**21,163**	35,773

For the six months ended 30 June 2024 and for the year ended 31 December 2023, the transfer of book value and the allowance for impairment losses of financial assets held under resale agreements between stages were insignificant.

4.16 Loans and advances to customers

		30 June 2024	31 December 2023
Measured at amortised cost:			
Corporate loans and advances			
– Corporate loans		**2,430,386**	2,337,357
Personal loans and advances			
– Micro lending	(1)	**650,731**	651,788
– Residential mortgage		**540,118**	546,300
– Credit cards		**474,966**	487,973
– Others		**83,815**	81,461
Gross balance		**1,749,630**	1,767,522
Less: allowance for impairment losses		**(96,201)**	(96,793)
Subtotal		**4,083,815**	4,008,086
Measured at fair value through other comprehensive income:			
Corporate loans and advances			
– Corporate loans		**1,816**	2,419
– Discounted bills		**241,395**	277,579
Subtotal		**243,211**	279,998
Interest accrued		**37,795**	35,824
Total		**4,364,821**	4,323,908

(1) Micro lending is a loan product offered to the micro enterprise owners and proprietors.

(1) Loans and advances to customers (excluding interest accrued) analysed by types of collateral

	30 June 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Unsecured loans	**1,296,099**	**29.30**	1,249,400	28.50
Guaranteed loans	**830,060**	**18.77**	774,541	17.66
Loans secured by				
– Tangible assets other than monetary assets	**1,756,861**	**39.72**	1,757,179	40.07
– Monetary assets	**540,207**	**12.21**	603,757	13.77
Total	**4,423,227**	**100.00**	4,384,877	100.00

4.16 Loans and advances to customers (continued)

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

	30 June 2024				
	Less than 3 months	**3 months to 1 year**	**1 to 3 years**	**More than 3 years**	**Total**
Unsecured loans	**13,413**	**11,569**	**5,243**	**1,942**	**32,167**
Guaranteed loans	**2,402**	**7,746**	**3,744**	**1,163**	**15,055**
Loans secured by					
– Tangible assets other than monetary assets	**10,608**	**14,664**	**18,207**	**2,119**	**45,598**
– Monetary assets	**1,490**	**602**	**682**	**689**	**3,463**
Total	**27,913**	**34,581**	**27,876**	**5,913**	**96,283**
% of total loans and advances to customers	**0.63**	**0.78**	**0.63**	**0.14**	**2.18**

	31 December 2023				
	Less than 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured loans	15,008	12,647	3,638	1,729	33,022
Guaranteed loans	4,494	2,373	4,844	753	12,464
Loans secured by					
– Tangible assets other than monetary assets	7,774	17,064	13,571	1,639	40,048
– Monetary assets	577	270	418	1,105	2,370
Total	27,853	32,354	22,471	5,226	87,904
% of total loans and advances to customers	0.63	0.74	0.51	0.12	2.00

Overdue loans represent loans of which the principal or interest are overdue for 1 day or more.

4.16 Loans and advances to customers (continued)

(3) Movements in allowance for impairment losses

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

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(26,033)**	**(25,422)**	**(45,338)**	**(96,793)**
Transfer:				
to stage 1	**(1,710)**	**1,550**	**160**	**–**
to stage 2	**535**	**(650)**	**115**	**–**
to stage 3	**91**	**3,378**	**(3,469)**	**–**
Net reversal/(charge)	**1,575**	**(3,359)**	**(16,323)**	**(18,107)**
Write-offs and transfer out	**–**	**–**	**22,429**	**22,429**
Recoveries of amounts previously written off	**–**	**–**	**(4,740)**	**(4,740)**
Others	**(2)**	**(2)**	**1,014**	**1,010**
Balance as at 30 June 2024	**(25,544)**	**(24,505)**	**(46,152)**	**(96,201)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(23,379)	(33,602)	(40,658)	(97,639)
Transfer:				
to stage 1	(3,066)	2,597	469	–
to stage 2	554	(721)	167	–
to stage 3	429	8,901	(9,330)	–
Net charge	(556)	(2,574)	(36,619)	(39,749)
Write-offs and transfer out	–	–	48,161	48,161
Recoveries of amounts previously written off	–	–	(9,343)	(9,343)
Others	(15)	(23)	1,815	1,777
Balance as at 31 December 2023	(26,033)	(25,422)	(45,338)	(96,793)

(b) Movements in allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income are as follows:

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(199)**	**(2)**	**(450)**	**(651)**
Net charge	**(1)**	**(15)**	**–**	**(16)**
Balance as at 30 June 2024	**(200)**	**(17)**	**(450)**	**(667)**

4.16 Loans and advances to customers (continued)

(3) Movements in allowance for impairment losses (continued)

(b) Movements in allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income are as follows: (continued)

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(361)	(10)	(858)	(1,229)
Net reversal/(charge)	162	8	(237)	(67)
Write-offs and transfer out	–	–	645	645
Balance as at 31 December 2023	(199)	(2)	(450)	(651)

4.17 Financial investments

		30 June 2024	31 December 2023
Financial assets at fair value through profit or loss	(1)	**325,974**	320,547
Financial assets measured at amortised cost	(2)	**1,526,370**	1,531,024
Financial assets at fair value through other comprehensive income	(3)	**422,092**	420,571
Total		**2,274,436**	2,272,142

4.17 Financial investments (continued)

(1) Financial assets at fair value through profit or loss

		30 June 2024	31 December 2023
Held for trading purpose			
Debt securities			
Government		**9,545**	7,999
Policy banks		**53,717**	35,215
Banks and non-bank financial institutions		**37,099**	37,429
Corporates		**40,740**	50,859
Subtotal		**141,101**	131,502
Equity investments		**2,077**	1,931
Subtotal		**143,178**	133,433
Other financial assets at fair value through profit or loss			
Debt securities			
Corporates		**3,404**	3,207
Banks and non-bank financial institutions		**13,538**	11,382
Equity investments		**14,173**	17,706
Investment funds	(a)	**125,080**	131,557
Trust and asset management plans	(b)	**19,007**	17,185
Others		**7,594**	6,077
Subtotal		**182,796**	187,114
Total		**325,974**	320,547
Listed		**156,498**	142,246
– Of which: listed in Hong Kong		**6,729**	3,910
Unlisted		**169,476**	178,301
Total		**325,974**	320,547

Debt securities traded in China Domestic Interbank Bond Market are classified as listed bonds.

(a) As at 30 June 2024 and 31 December 2023, the underlying investment funds primarily include public bond funds and public money market funds.

(b) As at 30 June 2024 and 31 December 2023, the underlying assets of trust and asset management plans primarily include bonds and others (Note 10.2 (9)).

4.17 Financial investments (continued)

(2) Financial assets measured at amortised cost

		30 June 2024	31 December 2023
Debt securities			
Government		**1,168,343**	1,123,735
Policy banks		**78,572**	102,354
Banking and non-banking financial institutions		**58,339**	56,251
Corporates		**168,458**	190,416
Subtotal		**1,473,712**	1,472,756
Trust and asset management plans	(a)	**33,631**	34,670
Debt financing plans		**9,232**	9,935
Others		**2,998**	4,034
Interest accrued		**18,361**	19,839
Less: allowance for impairment losses		**(11,564)**	(10,210)
Total		**1,526,370**	1,531,024
Listed		**1,465,010**	1,460,835
– Of which: listed in Hong Kong		**15,539**	10,602
Unlisted		**54,563**	60,560
Interest accrued		**18,361**	19,839
Less: allowance for impairment losses		**(11,564)**	(10,210)
Total		**1,526,370**	1,531,024

(a) As at 30 June 2024 and 31 December 2023, the underlying assets of trust and asset management plans primarily are credit assets (Note 10.2 (9)).

4.17 Financial investments (continued)

(2) Financial assets measured at amortised cost (continued)

Movements in allowance for impairment losses

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(2,016)**	**(340)**	**(7,854)**	**(10,210)**
Transfer				
to stage 2	**6**	**(214)**	**208**	**–**
to stage 3	**11**	**17**	**(28)**	**–**
Net reversal/(charge)	**365**	**72**	**(2,224)**	**(1,787)**
Write-offs and transfer out	**–**	**–**	**192**	**192**
Recoveries of amounts previously written off	**–**	**–**	**(95)**	**(95)**
Others	**(1)**	**–**	**337**	**336**
Balance as at 30 June 2024	**(1,635)**	**(465)**	**(9,464)**	**(11,564)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(1,500)	(925)	(8,867)	(11,292)
Transfer				
to stage 3	15	485	(500)	–
Net (charge)/reversal	(569)	100	(3,374)	(3,843)
Write-offs and transfer out	–	–	3,981	3,981
Recoveries of amounts previously written off	–	–	(104)	(104)
Others	38	–	1,010	1,048
Balance as at 31 December 2023	(2,016)	(340)	(7,854)	(10,210)

4.17 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income

	30 June 2024	31 December 2023
Debt securities		
Government	**152,481**	138,080
Policy banks	**12,612**	5,757
Banks and non-bank financial institutions	**133,576**	141,893
Corporates	**111,026**	121,943
Subtotal	**409,695**	407,673
Equity investments	**8,324**	8,471
Interest accrued	**4,073**	4,427
Total	**422,092**	420,571
Listed	**395,976**	389,848
– Of which: listed in Hong Kong	**21,911**	28,183
Unlisted	**22,043**	26,296
Interest accrued	**4,073**	4,427
Total	**422,092**	420,571

The Group designates certain non-trading equity investments as financial assets at fair value through other comprehensive income. For the six months ended 30 June 2024, dividend income of RMB0.22 million (for the six months ended 30 June 2023: RMB0.19 million) recognised for such equity investments was included in the profit or loss. The amount transferred from other comprehensive income to retained earnings on disposal of such equity instruments was insignificant for the six months ended 30 June 2024 (for the six months ended 30 June 2023: insignificant).

4.17 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income (continued)

Fair value

	30 June 2024	31 December 2023
Debt securities		
Cost	**414,882**	414,890
Cumulative amount of change in fair value that is accrued to other comprehensive income	**(1,114)**	(2,790)
Fair value	**413,768**	412,100
Equity investment		
Cost	**5,284**	5,407
Cumulative amount of change in fair value that is accrued to other comprehensive income	**3,040**	3,064
Fair value	**8,324**	8,471
Total	**422,092**	420,571

Movements in allowance for impairment losses

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(777)**	**(66)**	**(1,333)**	**(2,176)**
Transfer:				
to stage 3	**–**	**60**	**(60)**	**–**
Net reversal/(charge)	**114**	**2**	**(38)**	**78**
Write-offs and transfer out	**–**	**–**	**83**	**83**
Others	**(3)**	**–**	**–**	**(3)**
Balance as at 30 June 2024	**(666)**	**(4)**	**(1,348)**	**(2,018)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(749)	(14)	(1,058)	(1,821)
Transfer:				
to stage 2	2	(2)	–	–
Net reversal/(charge)	24	(50)	(394)	(420)
Write-offs and transfer out	–	–	119	119
Others	(54)	–	–	(54)
Balance as at 31 December 2023	(777)	(66)	(1,333)	(2,176)

4.17 Financial investments (continued)

(3) Financial assets at fair value through other comprehensive income (continued)

Movements in allowance for impairment losses (continued)

As at 30 June 2024, the financial assets at fair value through other comprehensive income included credit-impaired financial assets of which carrying amount was RMB1,175 million (31 December 2023: RMB885 million), with allowance for impairment losses of RMB1,348 million (31 December 2023: RMB1,333 million).

4.18 Long-term receivables

	30 June 2024	31 December 2023
Finance lease receivables	**27,249**	27,634
Sales and leaseback receivables	**115,307**	110,698
Less: unearned finance lease income	**(16,639)**	(16,119)
Present value of minimum finance lease receivables	**125,917**	122,213
Less: allowance for impairment losses	**(2,875)**	(2,779)
Total	**123,042**	119,434

(1) Finance lease receivables and sales and leaseback receivables are analysed by the remaining terms as follows:

		30 June 2024	31 December 2023
Indefinite	(a)	**9,590**	8,280
Less than 1 year		**61,172**	57,444
1 year to 2 years		**36,910**	37,680
2 years to 3 years		**19,545**	18,107
3 years to 5 years		**8,337**	9,604
More than 5 years		**7,002**	7,217
Total		**142,556**	138,332

(a) The amount represents the balances being impaired or overdue for more than one month.

4.18 Long-term receivables (continued)

(2) Movements in allowance for impairment losses of long-term receivables:

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(707)**	**(436)**	**(1,636)**	**(2,779)**
Transfer:				
to stage 1	**(69)**	**16**	**53**	**–**
to stage 2	**15**	**(23)**	**8**	**–**
to stage 3	**130**	**35**	**(165)**	**–**
Net (charge)/reversal	**(154)**	**39**	**(397)**	**(512)**
Write-offs and transfer out	**–**	**–**	**530**	**530**
Recoveries of amounts previously written off	**–**	**–**	**(115)**	**(115)**
Others	**1**	**–**	**–**	**1**
Balance as at 30 June 2024	**(784)**	**(369)**	**(1,722)**	**(2,875)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(642)	(862)	(1,977)	(3,481)
Transfer:				
to stage 1	(19)	9	10	–
to stage 2	5	(7)	2	–
to stage 3	3	352	(355)	–
Net (charge)/reversal	(13)	72	(1,243)	(1,184)
Write-offs and transfer out	–	–	2,039	2,039
Recoveries of amounts previously written off	–	–	(112)	(112)
Others	(41)	–	–	(41)
Balance as at 31 December 2023	(707)	(436)	(1,636)	(2,779)

4.19 Property and equipment

	30 June 2024	31 December 2023
Property and equipment	**61,350**	60,484
Property and equipment to be disposed	**7**	6
Total	**61,357**	60,490

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2024	23,345	3,921	10,172	470	44,602	7,885	90,395
Increase	–	213	332	3	3,462	279	4,289
Decrease and other movement	–	(89)	(190)	(5)	(1,742)	(91)	(2,117)
Balance as at 30 June 2024	23,345	4,045	10,314	468	46,322	8,073	92,567
Accumulated depreciation							
Balance as at 1 January 2024	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Increase	(375)	(278)	(441)	(12)	(1,051)	–	(2,157)
Decrease and other movement	–	88	180	5	553	–	826
Balance as at 30 June 2024	(7,570)	(2,819)	(7,577)	(389)	(11,951)	–	(30,306)
Impairment losses							
Balance as at 1 January 2024	–	–	–	–	(523)	(413)	(936)
Increase	–	–	–	–	–	–	–
Decrease and other movement	–	–	–	–	25	–	25
Balance as at 30 June 2024	–	–	–	–	(498)	(413)	(911)
Carrying amount							
Balance as at 1 January 2024	16,150	1,292	2,856	88	32,626	7,472	60,484
Balance as at 30 June 2024	15,775	1,226	2,737	79	33,873	7,660	61,350

4.19 Property and equipment (continued)

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2023	22,469	4,007	9,301	467	42,488	7,921	86,653
Increase	33	623	1,443	36	3,636	811	6,582
CIP transfers	847	–	–	–	–	(847)	–
Decrease and other movement	(4)	(709)	(572)	(33)	(1,522)	–	(2,840)
Balance as at 31 December 2023	23,345	3,921	10,172	470	44,602	7,885	90,395
Accumulated depreciation							
Balance as at 1 January 2023	(6,456)	(2,775)	(7,027)	(390)	(10,452)	–	(27,100)
Increase	(741)	(596)	(830)	(22)	(1,968)	–	(4,157)
Decrease and other movement	2	742	541	30	967	–	2,282
Balance as at 31 December 2023	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Impairment losses							
Balance as at 1 January 2023	–	–	–	–	(594)	(70)	(664)
Increase	–	–	–	–	(41)	(342)	(383)
Decrease and other movement	–	–	–	–	112	(1)	111
Balance as at 31 December 2023	–	–	–	–	(523)	(413)	(936)
Carrying amount							
Balance as at 1 January 2023	16,013	1,232	2,274	77	31,442	7,851	58,889
Balance as at 31 December 2023	16,150	1,292	2,856	88	32,626	7,472	60,484

As at 30 June 2024 and 31 December 2023, the Group did not have any property and equipment which were acquired by means of finance lease or held for sale.

As at 30 June 2024, there were still certain properties and buildings, with a carrying value of RMB329 million (31 December 2023: RMB341 million), in the process of registration for certificates of ownership. The management believes such proceedings would not weaken the Group's rights to these assets nor have any significant impact on the Group's operations.

4.20 Lease contract

(1) Right-of-use assets

	Buildings	Office equipment and others	Land use rights	Total
Original cost				
Balance as at 1 January 2024	**19,158**	**95**	**4,646**	**23,899**
Increase	**1,387**	**4**	**–**	**1,391**
Decrease	**(1,437)**	**(4)**	**(24)**	**(1,465)**
Balance as at 30 June 2024	**19,108**	**95**	**4,622**	**23,825**
Accumulated depreciation/amortization				
Balance as at 1 January 2024	**(9,081)**	**(28)**	**(1,511)**	**(10,620)**
Increase	**(1,620)**	**(8)**	**(58)**	**(1,686)**
Decrease	**1,337**	**4**	**9**	**1,350**
Balance as at 30 June 2024	**(9,364)**	**(32)**	**(1,560)**	**(10,956)**
Carrying amount				
Balance as at 1 January 2024	**10,077**	**67**	**3,135**	**13,279**
Balance as at 30 June 2024	**9,744**	**63**	**3,062**	**12,869**

	Buildings	Office equipment and others	Land use rights	Total
Original cost				
Balance as at 1 January 2023	18,646	71	4,646	23,363
Increase	3,766	33	–	3,799
Decrease	(3,254)	(9)	–	(3,263)
Balance as at 31 December 2023	19,158	95	4,646	23,899
Accumulated depreciation/amortization				
Balance as at 1 January 2023	(8,799)	(25)	(1,393)	(10,217)
Increase	(2,896)	(11)	(118)	(3,025)
Decrease	2,614	8	–	2,622
Balance as at 31 December 2023	(9,081)	(28)	(1,511)	(10,620)
Carrying amount				
Balance as at 1 January 2023	9,847	46	3,253	13,146
Balance as at 31 December 2023	10,077	67	3,135	13,279

4.20 Lease contract (continued)

(2) Lease liabilities

	30 June 2024	31 December 2023
Lease liabilities	**9,322**	9,560

As at 30 June 2024, the Group's lease payments relating to lease contracts signed but yet to be executed amounted to RMB140 million (31 December 2023: RMB113 million).

4.21 Deferred income tax assets and liabilities

(1) Deferred income tax items

	30 June 2024	31 December 2023
Deferred income tax assets	**57,831**	54,592
Deferred income tax liabilities	**(229)**	(214)
Total	**57,602**	54,378

4.21 Deferred income tax assets and liabilities (continued)

(2) Deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	30 June 2024		31 December 2023	
	Deferred income tax assets/ (liabilities)	**Deductible/ (taxable) temporary differences**	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred income tax assets				
Asset impairment allowance	**56,428**	**225,753**	50,886	203,545
Employee benefits payable	**2,433**	**9,731**	3,488	13,952
Fair value losses of derivatives	**6,159**	**24,636**	7,244	28,975
Fair value losses of financial assets at fair value through other comprehensive loss	**159**	**597**	272	1,088
Financial assets at fair value through profit or loss	**2,848**	**11,394**	2,062	8,247
Lease liabilities	**2,328**	**9,330**	2,387	9,568
Others	**338**	**1,379**	1,069	4,284
Subtotal	**70,693**	**282,820**	67,408	269,659
Deferred income tax liabilities				
Fair value gains of derivatives	**(4,835)**	**(19,335)**	(5,895)	(23,578)
Fair value gain of financial assets at fair value through other comprehensive income	**(1,293)**	**(5,175)**	(920)	(3,681)
Financial assets at fair value through profit or income	**(4,340)**	**(17,135)**	(3,508)	(14,112)
Right-of-use assets	**(2,449)**	**(9,815)**	(2,533)	(10,152)
Others	**(174)**	**(643)**	(174)	(640)
Subtotal	**(13,091)**	**(52,103)**	(13,030)	(52,163)
Deferred income tax assets, net	**57,602**	**230,717**	54,378	217,496

4.21 Deferred income tax assets and liabilities (continued)

(3) Movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	Asset impairment allowance	Fair value losses	Others	Gross deferred income tax assets	Gross deferred income tax liabilities
Balance as at 1 January 2024	**50,886**	**9,578**	**6,944**	**67,408**	**(13,030)**
Recognised in profit or loss	**5,542**	**(299)**	**(1,845)**	**3,398**	**312**
Recognised in other comprehensive income	**–**	**(113)**	**–**	**(113)**	**(373)**
Balance as at 30 June 2024	**56,428**	**9,166**	**5,099**	**70,693**	**(13,091)**
Balance as at 1 January 2023	51,775	11,069	6,220	69,064	(13,599)
Recognised in profit or loss	(889)	(961)	724	(1,126)	710
Recognised in other comprehensive income	–	(530)	–	(530)	(141)
Balance as at 31 December 2023	50,886	9,578	6,944	67,408	(13,030)

4.22 Investment in subsidiaries

(1) Directly held subsidiaries

	30 June 2024	31 December 2023
Minsheng Financial Leasing Co., Ltd. ("Minsheng Financial Leasing")	**3,302**	3,302
CMBC International Holdings Limited ("CMBC International")	**3,494**	3,494
Minsheng Royal Fund Limited ("Minsheng Royal Fund")	**190**	190
CMBC Wealth Management Co., Ltd. ("CMBC Wealth Management")	**5,000**	5,000
Pengzhou Minsheng Rural Bank Co., Ltd. ("Pengzhou Rural Bank")	**20**	20
Cixi Minsheng Rural Bank Co., Ltd. ("Cixi Rural Bank")	**107**	107
Shanghai Songjiang Minsheng Rural Bank Co., Ltd. ("Songjiang Rural Bank")	**70**	70
Qijiang Minsheng Rural Bank Co., Ltd. ("Qijiang Rural Bank")	**30**	30
Tongnan Minsheng Rural Bank Co., Ltd. ("Tongnan Rural Bank")	**25**	25
Meihekou Minsheng Rural Bank Co., Ltd. ("Meihekou Rural Bank")	**169**	169
Ziyang Minsheng Rural Bank Co., Ltd. ("Ziyang Rural Bank")	**172**	172
Wuhan Jiangxia Minsheng Rural Bank Co., Ltd. ("Jiangxia Rural Bank")	**41**	41
Changyuan Minsheng Rural Bank Co., Ltd. ("Changyuan Rural Bank")	**26**	26
Yidu Minsheng Rural Bank Co., Ltd. ("Yidu Rural Bank")	**26**	26
Shanghai Jiading Minsheng Rural Bank Co., Ltd. ("Jiading Rural Bank")	**102**	102
Zhongxiang Minsheng Rural Bank Co., Ltd. ("Zhongxiang Rural Bank")	**36**	36
Penglai Minsheng Rural Bank Co., Ltd. ("Penglai Rural Bank")	**51**	51
Anxi Minsheng Rural Bank Co., Ltd. ("Anxi Rural Bank")	**74**	74
Funing Minsheng Rural Bank Co., Ltd. ("Funing Rural Bank")	**52**	52
Taicang Minsheng Rural Bank Co., Ltd. ("Taicang Rural Bank")	**76**	76
Ningjin Minsheng Rural Bank Co., Ltd. ("Ningjin Rural Bank")	**20**	20
Zhangpu Minsheng Rural Bank Co., Ltd. ("Zhangpu Rural Bank")	**25**	25
Puer Minsheng Rural Bank Co., Ltd. ("Puer Rural Bank")	**15**	15
Jinghong Minsheng Rural Bank Co., Ltd. ("Jinghong Rural Bank")	**60**	60
Zhidan Minsheng Rural Bank Co., Ltd. ("Zhidan Rural Bank")	**7**	7
Ningguo Minsheng Rural Bank Co., Ltd. ("Ningguo Rural Bank")	**20**	20
Yulin Yuyang Minsheng Rural Bank Co., Ltd. ("Yuyang Rural Bank")	**25**	25
Chizhou Guichi Minsheng Rural Bank Co., Ltd. ("Guichi Rural Bank")	**26**	26
Zhejiang Tiantai Minsheng Rural Bank Co., Ltd. ("Tiantai Rural Bank")	**31**	31
Tianchang Minsheng Rural Bank Co., Ltd. ("Tianchang Rural Bank")	**20**	20
Tengchong Minsheng Rural Bank Co., Ltd. ("Tengchong Rural Bank")	**20**	20
Xiamen Xiang'an Minsheng Rural Bank Co., Ltd. ("Xiang'an Rural Bank")	**36**	36
Linzhi Minsheng Rural Bank Co., Ltd. ("Linzhi Rural Bank")	**45**	45
Total	**13,413**	13,413

4.22 Investment in subsidiaries (continued)

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Minsheng Financial Leasing		Tianjin China	Leasing	RMB5,095 million	54.96%	54.96%
CMBC International		Hong Kong China	Investment banking	HKD4,207 million	100.00%	100.00%
Minsheng Royal Fund		Guangdong China	Fund management	RMB300 million	63.33%	63.33%
CMBC Wealth Management		Beijing China	Wealth Management	RMB5,000 million	100.00%	100.00%
Pengzhou Rural Bank	(a)	Sichuan China	Commercial bank	RMB55 million	36.36%	36.36%
Cixi Rural Bank		Zhejiang China	Commercial bank	RMB189 million	64.68%	64.68%
Songjiang Rural Bank	(a)	Shanghai China	Commercial bank	RMB150 million	35.00%	35.00%
Qijiang Rural Bank	(b)	Chongqing China	Commercial bank	RMB61.57 million	48.73%	51.27%
Tongnan Rural Bank	(a)	Chongqing China	Commercial bank	RMB50 million	50.00%	50.00%
Meihekou Rural Bank		Jilin China	Commercial bank	RMB193 million	95.36%	95.36%
Ziyang Rural Bank		Sichuan China	Commercial bank	RMB211 million	81.41%	81.41%
Jiangxia Rural Bank		Hubei China	Commercial bank	RMB86 million	51.00%	51.00%
Changyuan Rural Bank		Henan China	Commercial bank	RMB50 million	51.00%	51.00%
Yidu Rural Bank		Hubei China	Commercial bank	RMB52.4 million	51.00%	51.00%
Jiading Rural Bank		Shanghai China	Commercial bank	RMB200 million	51.00%	51.00%
Zhongxiang Rural Bank		Hubei China	Commercial bank	RMB70 million	51.00%	51.00%
Penglai Rural Bank		Shandong China	Commercial bank	RMB100 million	51.00%	51.00%
Anxi Rural Bank		Fujian China	Commercial bank	RMB128 million	57.99%	57.99%
Funing Rural Bank		Jiangsu China	Commercial bank	RMB85 million	51.00%	51.00%
Taicang Rural Bank		Jiangsu China	Commercial bank	RMB135 million	51.00%	51.00%
Ningjin Rural Bank		Hebei China	Commercial bank	RMB40 million	51.00%	51.00%
Zhangpu Rural Bank		Fujian China	Commercial bank	RMB50 million	51.00%	51.00%
Puer Rural Bank		Yunnan China	Commercial bank	RMB30 million	51.00%	51.00%

4.22 Investment in subsidiaries (continued)

(2) Basic information of directly held subsidiaries

Name	Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Jinghong Rural Bank	Yunnan China	Commercial bank	RMB75 million	80.40%	80.40%
Zhidan Rural Bank	Shaanxi China	Commercial bank	RMB15 million	51.00%	51.00%
Ningguo Rural Bank	Anhui China	Commercial bank	RMB41.6 million	51.00%	51.00%
Yuyang Rural Bank	Shaanxi China	Commercial bank	RMB59.4 million	51.00%	51.00%
Guichi Rural Bank	Anhui China	Commercial bank	RMB53 million	51.00%	51.00%
Tiantai Rural Bank	Zhejiang China	Commercial bank	RMB60 million	51.00%	51.00%
Tianchang Rural Bank	Anhui China	Commercial bank	RMB43.68 million	51.00%	51.00%
Tengchong Rural Bank	Yunnan China	Commercial bank	RMB52 million	51.00%	51.00%
Xiang'an Rural Bank	Fujian China	Commercial bank	RMB77 million	51.00%	51.00%
Linzhi Rural Bank	Tibet China	Commercial bank	RMB56.6 million	86.11%	86.11%

(a) Although the Bank holds half or less than half of the voting rights in these rural banks, it has the majority of the seats in their boards of directors, which enables it to govern their operating policies. These companies are regarded as the Bank's subsidiaries and have been consolidated in these financial statements.

(b) Some natural person shareholders and the Bank signed a concerted action agreement, stipulating that the parties should take "concerted action" in the general meeting of shareholders. Therefore, the Bank acquires control over Qijiang Rural Bank and classifies the investment in Qijiang Rural Bank as investment in a subsidiary.

4.23 Other assets

		30 June 2024	31 December 2023
Interest receivable	(1)	**8,535**	7,499
Items in the process of clearance and settlement		**8,487**	6,653
Foreclosed assets	(2)	**5,474**	5,299
Other debt receivables and advances		**5,235**	5,799
Prepayments for leased assets	(3)	**4,488**	5,472
Fee and commission receivable		**3,317**	3,147
Intangible assets	(4)	**3,148**	2,730
Investment properties		**2,928**	2,969
Prepayment		**2,880**	2,737
Research and development engineering		**2,153**	2,328
Long-term deferred expenses		**1,890**	1,795
Legal costs receivable		**1,590**	1,243
Continuously involved assets		**1,038**	1,038
Operating lease receivable		**228**	169
Goodwill	(5)	**210**	208
Assets transfer receivable		**–**	603
Others		**5,715**	4,760
Subtotal		**57,316**	54,449
Less: allowance for impairment losses			
– Foreclosed assets		**(680)**	(752)
– Others		**(4,657)**	(4,255)
Total		**51,979**	49,442

(1) In accordance with the requirements of the Notice on the Revision and Issuance of the Format of Financial Statements of Financial Enterprises in 2018, the interests of financial instruments at the reporting date are listed in the financial instruments using the effective interest rate method. Interests of relevant financial instruments which were past due but have not been collected at the reporting date are listed in other assets.

(2) Foreclosed assets include buildings, land use rights and transportation facilities. The Group disposed foreclosed assets of RMB408 million for the six months ended 30 June 2024 (For the six months ended 30 June 2023: RMB1,849 million).

(3) Prepayments for leased assets are the prepayments made by the Group for acquiring leased assets which would be finance leased out or operating leased out.

4.23 Other assets (continued)

(4) Intangible assets

	Six months ended 30 June 2024	Year ended 31 December 2023
Cost		
Balance as at 1 January	**9,114**	7,790
Increase	**1,032**	1,338
Decrease	**(1)**	(14)
Balance as at 30 June/31 December	**10,145**	9,114
Accumulated amortization		
Balance as at 1 January	**(6,384)**	(5,489)
Increase	**(614)**	(908)
Decrease	**1**	13
Balance as at 30 June/31 December	**(6,997)**	(6,384)
Impairment losses		
Balance as at 1 January	**–**	–
Increase	**–**	–
Decrease	**–**	–
Balance as at 30 June/31 December	**–**	–
Carrying amount		
Balance as at 1 January	**2,730**	2,301
Balance as at 30 June/31 December	**3,148**	2,730

(5) Goodwill arising from CMBC International

	Six months ended 30 June 2024	Year ended 31 December 2023
Balance as at 1 January	**208**	205
Exchange difference	**2**	3
Balance as at 30 June/31 December	**210**	208

As at 30 June 2024 and 31 December 2023, no impairment loss of the Group's goodwill is recognised.

4.24 Allowances for impairment losses

		Six months ended 30 June 2024				
	Note 4	**Balances as at 1 January 2024**	**Net (reversal)/ charge for the period**	**Write-offs and transfer out**	**Other**	**Balances as at 30 June 2024**
Balances with banks and other financial institutions	12	**4**	**(2)**	**–**	**–**	**2**
Placements with banks and other financial institutions	13	**1,513**	**99**	**–**	**–**	**1,612**
Financial assets held under resale agreements	15	**26**	**(8)**	**–**	**–**	**18**
Loans and advances to customers	16	**97,444**	**18,123**	**(22,429)**	**3,730**	**96,868**
Financial investments	17	**12,386**	**1,709**	**(275)**	**(238)**	**13,582**
Long-term receivables	18	**2,779**	**512**	**(530)**	**114**	**2,875**
Property and equipment	19	**936**	**–**	**–**	**(25)**	**911**
Other assets	23	**5,007**	**449**	**(131)**	**12**	**5,337**
Total		**120,095**	**20,882**	**(23,365)**	**3,593**	**121,205**

		Year ended 31 December 2023				
	Note 4	Balances as at 1 January 2023	Net (reversal)/ charge for the year	Write-offs and transfer out	Other	Balances as at 31 December 2023
Balances with banks and other financial institutions	12	8	(6)	–	2	4
Placements with banks and other financial institutions	13	1,862	223	(572)	–	1,513
Financial assets held under resale agreements	15	28	(2)	–	–	26
Loans and advances to customers	16	98,868	39,816	(48,806)	7,566	97,444
Financial investments	17	13,113	4,263	(4,100)	(890)	12,386
Long-term receivables	18	3,481	1,184	(2,039)	153	2,779
Property and equipment	19	664	383	–	(111)	936
Other assets	23	4,591	1,997	(1,583)	2	5,007
Total		122,615	47,858	(57,100)	6,722	120,095

4.25 Deposits and placements from banks and other financial institutions

	30 June 2024	31 December 2023
China mainland		
Banks	**140,913**	108,030
Other financial institutions	**942,841**	1,044,337
Overseas		
Banks	**65,880**	55,831
Other financial institutions	**26,322**	27,384
Subtotal	**1,175,956**	1,235,582
Interest accrued	**6,345**	6,477
Total	**1,182,301**	1,242,059

4.26 Financial liabilities at fair value through profit or loss

		30 June 2024	31 December 2023
Financial liabilities related to precious metals		**7,174**	2,320
Financial liabilities designated at fair value through profit or loss	(1)	**50,668**	33,475
Others		**32**	32
Total		**57,874**	35,827

(1) As at 30 June 2024 and 31 December 2023, financial liabilities designated at fair value through profit or loss are interests attributable to other unitholders in consolidated structured entities. For the six months ended 30 June 2024 and for the year ended 31 December 2023, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss attributable to the changes in the Group's own credit risk.

4.27 Borrowings from banks and other financial institutions

	30 June 2024	31 December 2023
Unsecured borrowings	**102,209**	100,224
Borrowings secured by		
– Tangible assets and monetary assets	**15,791**	14,722
Subtotal	**118,000**	114,946
Interest accrued	**851**	769
Total	**118,851**	115,715

As at 30 June 2024 and 31 December 2023, the secured borrowings were secured by property and equipment and finance lease receivables as collateral; the above collateral has been included in the disclosure of assets pledged (Note 6.3(1)).

4.28 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements by underlying assets are shown as follows:

	30 June 2024	31 December 2023
Bonds	**107,771**	132,510
Bills rediscounted	**68,265**	58,271
Subtotal	**176,036**	190,781
Interest accrued	**238**	352
Total	**176,274**	191,133

4.29 Deposits from customers

	30 June 2024	31 December 2023
Demand deposits		
– Corporate customers	**876,931**	1,024,828
– Personal customers	**402,206**	295,892
Time deposits (including call deposits)		
– Corporate customers	**1,895,917**	2,044,103
– Personal customers	**883,978**	910,695
Certificates of deposit	**3,247**	4,976
Outward remittance and remittance payables	**2,453**	2,509
Subtotal	**4,064,732**	4,283,003
Interest accrued	**72,802**	70,278
Total	**4,137,534**	4,353,281

The pledged deposits included in deposits from customers are analysed as follows:

	30 June 2024	31 December 2023
Pledged deposits for bank acceptances	**189,128**	209,868
Pledged deposits for letters of credit and guarantees	**35,449**	24,313
Other pledged deposits	**38,280**	33,553
Total	**262,857**	267,734

4.30 Provisions

	30 June 2024	31 December 2023
Credit loss of off-balance sheet credit commitments (1)	**1,030**	1,212
Litigation provision	**320**	459
Others	**131**	116
Total	**1,481**	1,787

4.30 Provisions (continued)

(1) The movements of credit loss of off-balance sheet credit commitments are as follows:

	Six months ended 30 June 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	**(1,065)**	**(146)**	**(1)**	**(1,212)**
Transfer:				
to stage 1	**(13)**	**13**	**–**	**–**
to stage 2	**5**	**(5)**	**–**	**–**
to stage 3	**–**	**3**	**(3)**	**–**
Net reversal	**98**	**80**	**4**	**182**
Balance as at 30 June 2024	**(975)**	**(55)**	**–**	**(1,030)**

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(1,424)	(344)	(76)	(1,844)
Transfer:				
to stage 1	(104)	89	15	–
to stage 2	28	(31)	3	–
to stage 3	15	97	(112)	–
Net reversal	420	43	169	632
Balance as at 31 December 2023	(1,065)	(146)	(1)	(1,212)

4.31 Debt securities issued

		30 June 2024	31 December 2023
Certificates of interbank deposit		**661,298**	474,754
Financial bonds	(1)	**107,974**	105,577
Tier-two capital bonds	(2)	**79,993**	89,992
Medium-term and short-term notes	(3)	**4,862**	1,996
Subtotal		**854,127**	672,319
Interest accrued		**1,551**	3,507
Total		**855,678**	675,826

For the six months ended 30 June 2024 and for the year ended 31 December 2023, there were no overdue principal and interest or other defaults with respect to these bonds. None of these bonds are secured.

4.31 Debt securities issued (continued)

(1) Financial bonds

		30 June 2024	31 December 2023
2021-3-year fixed rate financial bonds	(a)	**30,000**	29,999
2021-3-year fixed rate financial bonds	(b)	**29,999**	29,998
2022-3-year fixed rate financial bonds	(c)	**19,999**	19,999
2023-3-year fixed rate financial bonds	(d)	**19,998**	19,997
2023-3-year fixed rate financial bonds	(e)	**1,597**	1,596
2023-3-year fixed rate financial bonds	(f)	**1,596**	1,595
2023-3-year fixed rate financial bonds	(g)	**2,394**	2,393
2024-3-year fixed rate financial bonds	(h)	**2,391**	–
Total		**107,974**	105,577

(a) RMB30 billion worth of fixed-rate financial bonds were issued on 8 December 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum.

(b) RMB30 billion worth of fixed-rate financial bonds were issued on 10 November 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum.

(c) RMB20 billion worth of fixed-rate financial bonds were issued on 7 April 2022, with a term of 3 years, and a fixed coupon rate of 2.95% per annum.

(d) RMB20 billion worth of fixed-rate financial bonds were issued on 18 May 2023, with a term of 3 years, and a fixed coupon rate of 2.68% per annum.

(e) RMB2 billion worth of fixed-rate financial bonds were issued on 20 March 2023, with a term of 3 years, and a fixed coupon rate of 3.40% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.

(f) RMB2 billion worth of fixed-rate financial bonds were issued on 25 May 2023, with a term of 3 years, and a fixed coupon rate of 3.27% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.

(g) RMB3 billion worth of fixed-rate financial bonds were issued on 25 July 2023, with a term of 3 years, and a fixed coupon rate of 3.19% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB600 million.

(h) RMB3 billion worth of fixed-rate financial bonds were issued on 24 May 2024, with a term of 3 years, and a fixed coupon rate of 2.49% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB600 million.

4.31 Debt securities issued (continued)

(2) Tier-two capital bonds

		30 June 2024	31 December 2023
2020-10-year fixed rate tier-two capital bonds	(a)	**49,997**	49,996
2024-10-year fixed rate tier-two capital bonds	(b)	**29,996**	–
2019 1st tranche-10-year fixed rate tier-two capital bonds	(c)	**–**	39,996
Total		**79,993**	89,992

(a) Tier-two capital bonds with a nominal value of RMB50 billion, a term of 10 years, and a fixed coupon rate of 3.75% per annum, were issued on 24 June 2020. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

(b) Tier-two capital bonds with a nominal value of RMB30 billion, a term of 10 years, and a fixed coupon rate of 2.50% per annum, were issued on 25 April 2024. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

(c) Tier-two capital bonds with a nominal value of RMB40 billion, a term of 10 years, and a fixed coupon rate of 4.48% per annum, were issued on 27 February 2019. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date. As at 1 March 2024, the amount was fully redeemed by the bank.

(3) Medium-term and short-term notes

		30 June 2024	31 December 2023
2023-2-year medium-term notes	(a)	**1,951**	1,996
2024-2-year medium-term notes	(b)	**2,911**	–
Total		**4,862**	1,996

(a) Medium-term notes with a nominal value of RMB2 billion of medium-term notes were issued on 10 January 2023, with a term of 2 years. The coupon rate is 3.15%.

(b) Medium-term notes with a nominal value of RMB3 billion of medium-term notes were issued on 7 March 2024, with a term of 2 years. The coupon rate is 3.08%.

4.32 Other liabilities

		30 June 2024	31 December 2023
Items in the process of clearance and settlement		**35,125**	15,380
Employee benefits payable	(1)	**10,084**	14,439
Dividend payable		**9,459**	1
Deposit and advance receipts for leasing business		**8,188**	7,918
Other tax payable	(2)	**3,356**	3,774
Output value added tax to be transferred		**2,751**	2,740
Notes payable		**1,658**	2,138
Accrued expenses		**1,127**	1,693
Continuously involved liabilities		**1,038**	1,038
Payable for long-term assets		**448**	328
Deferred fee and commission income		**303**	317
Intermediate collection and payment		**282**	281
Payable to the leasing company		**–**	1,378
Others		**3,746**	3,215
Total		**77,565**	54,640

(1) Employee benefits payable

	1 January 2024	**Increase**	**Decrease**	**30 June 2024**
Short-term employee benefits				
– Salaries, bonuses and allowances	**13,794**	**8,484**	**(12,903)**	**9,375**
– Staff welfare fees	**–**	**575**	**(575)**	**–**
– Social insurance (a) and supplementary insurance	**133**	**640**	**(630)**	**143**
– Housing fund	**126**	**922**	**(895)**	**153**
– Labour union fee, staff and workers' education fee	**42**	**256**	**(228)**	**70**
Subtotal	**14,095**	**10,877**	**(15,231)**	**9,741**
Post-employment benefits -defined contribution plans				
– Basic pension insurance plans	**164**	**1,122**	**(1,111)**	**175**
– Unemployment insurance	**21**	**38**	**(37)**	**22**
– Annuity scheme (b)	**159**	**345**	**(358)**	**146**
Subtotal	**344**	**1,505**	**(1,506)**	**343**
Total	**14,439**	**12,382**	**(16,737)**	**10,084**

4.32 Other liabilities (continued)

(1) Employee benefits payable (continued)

	1 January 2023	Increase	Decrease	31 December 2023
Short-term employee benefits				
– Salaries, bonuses and allowances	13,766	24,063	(24,035)	13,794
– Staff welfare fees	–	1,662	(1,662)	–
– Social insurance (a) and supplementary insurance	176	1,615	(1,658)	133
– Housing fund	129	1,760	(1,763)	126
– Labour union fee, staff and workers' education fee	41	548	(547)	42
Subtotal	14,112	29,648	(29,665)	14,095
Post-employment benefits -defined contribution plans				
– Basic pension insurance plans	159	2,054	(2,049)	164
– Unemployment insurance	21	63	(63)	21
– Annuity scheme (b)	122	716	(679)	159
Subtotal	302	2,833	(2,791)	344
Total	14,414	32,481	(32,456)	14,439

(a) Social insurance includes medical insurance, maternity insurance and employment injury insurance.

(b) For the six months ended 30 June 2024, the contributions to the annuity schemes of the Bank and some subsidiaries were calculated at 3% of the employees' total annual salary (For the year ended 31 December 2023: 3%).

The Group has set up a defined contribution plan for its Hong Kong employees in accordance with the contribution rates prescribed by local regulations.

(2) Other tax payable

	30 June 2024	31 December 2023
Value added tax	**2,583**	2,706
Others	**773**	1,068
Total	**3,356**	3,774

4.33 Share capital and capital reserve

	30 June 2024	31 December 2023
Ordinary shares listed in China mainland (A shares)	**35,462**	35,462
Ordinary shares listed in Hong Kong (H shares)	**8,320**	8,320
Total shares	**43,782**	43,782

All A shares and H shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

The Group's capital reserve of RMB58,111 million as at 30 June 2024 and 31 December 2023, mainly represents capital premium.

4.34 Preference Shares

(1) Outstanding Preference Shares at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	Issue Amount In original currency	Issue Amount In RMB	Maturity	Conversion condition	Conversion
Domestic Preference Shares	15/10/2019	Equity	4.38%	RMB100/ Share	200	20,000	20,000	None	Mandatory	None

As at 30 June 2024, the transaction costs of outstanding preference shares issued by the bank were RMB25 million (31 December 2023: RMB25 million).

(2) Domestic Preference Shares Main Clauses

(a) Dividend

The non-public offering domestic preference shares (the "Domestic Preference Shares") adopts the dividend rate that can be adjusted in stages, with 5 years as a dividend rate adjustment period, and within a dividend rate adjustment period, dividends are paid at the same dividend rate as agreed. The dividend rate for the first dividend rate adjustment period will be determined by enquiry. The dividend rate of the Domestic Preference Shares shall not be higher than the annual weighted average return on net assets of the Bank in the last two fiscal years. The nominal dividend rate includes two parts: the benchmark interest rate and the fixed premium. The fixed premium is the dividend rate determined at the time of issuance minus the benchmark interest rate at the time of issuance. Dividends are paid annually.

(b) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends. The Issuer shall have the right to cancel, in whole or in part, distributions of dividends and any such cancellation shall not constitute an event of default. Any cancellation of any distribution, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

4.34 Preference Shares (continued)

(2) Domestic Preference Shares Main Clauses (continued)

(c) Dividend stopper

The Bank will not pay dividends to the ordinary shareholders unless the Bank resolves to pay a full dividend on the current preference shares.

(d) Order of distribution and liquidation method

The Domestic Preference Shareholders have priority over the ordinary shareholders in the distribution of the Bank's remaining property, but the order of repayment is ranked after the depositors, general creditors and subordinated debts (including but not limited to subordinated debts, mixed capital bonds and secondary capital instruments).

(e) Mandatory conversion trigger events

If the core tier one capital adequacy ratio of the Bank falls to 5.125% (or below), the Domestic Preference Shares will be converted into A-share common shares in full or in part, so as to restore the core tier one capital adequacy ratio to more than 5.125%. In the case of partial conversion, all the Domestic Preference Shares shall be converted to shares on the same conditions in proportion.

When the earlier of the following two situations occurs, the Domestic Preference Shares will be converted into A-share common shares in full: (1) the banking regulatory authority under the State Council determines that the Bank will not survive without the conversion; (2) the relevant departments determine that the Bank will not survive without the public sector's capital injection or the support of the same effect.

(f) Redemption

With the prior approval of the banking regulatory authority under the State Council, the Bank may exercise the right of redemption under the following circumstances: (1) use the same or higher quality capital instruments to replace the redeemed Domestic Preference Shares, and the Bank's income ability is sustainable; (2) or the capital level after the exercise of the right of redemption is still significantly higher than the regulatory capital requirements specified by the banking regulatory authority under the State Council. The redemption price is the sum of the nominal amount and the dividend that has been resolved to be paid but has not been paid in the current period.

The Bank has the right to redeem all or part of the domestic Preferred Shares on the preferred stock dividend date of each year, starting from the date of expiration of 5 years after the issue date (i.e., 15 October 2019), and the redemption period shall expire on the date of conversion or redemption in full. In the case of partial redemption, all domestic preferred shares issued will be redeemed on the same terms and in proportion.

4.34 Preference Shares (continued)

(2) Domestic Preference Shares Main Clauses (continued)

(g) Dividend setting mechanism

Non-cumulative dividend is a dividend on preference shares, which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Bank will not participate the distribution of residual profits with ordinary shareholders. The Domestic Preference Shares holders are prioritised on dividend distribution over ordinary shareholders.

The dividend of the Domestic Preference Shares shall be paid in cash once a year. The interest starting date is the payment deadline of preference stock investors (18 October 2019). The dividend payment day shall be the day of every full year since the deadline for payment of preference stock investors. In case of any legal holiday or rest day in China, it shall be postponed to the next trading day, and the dividend payable during the extended period shall not be charged with additional interest.

(3) Changes in preference shares outstanding

	1 January 2024		**Movements**		**30 June 2024**	
	Amount (million shares)	**Issue Amount**	**Amount (million shares)**	**Issue Amount**	**Amount (million shares)**	**Issue Amount**
Domestic Preference Shares	**200**	**20,000**	**–**	**–**	**200**	**20,000**

	1 January 2023		Movements		31 December 2023	
	Amount (million shares)	Issue Amount	Amount (million shares)	Issue Amount	Amount (million shares)	Issue Amount
Domestic Preference Shares	200	20,000	–	–	200	20,000

4.35 Perpetual Bonds

(1) Outstanding Perpetual Bonds at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million pieces)	Issue Amount In original currency	Issue Amount In RMB	Maturity	Conversion condition	Conversion
2021 Undated Capital Bonds (Series 1)	19/04/2021	Equity	4.30%	100 RMB/ Note	300	30,000	30,000	None	None	None
2022 Undated Capital Bonds (Series 1)	14/06/2022	Equity	4.20%	100 RMB/ Note	50	5,000	5,000	None	None	None
Total							35,000			

As at 30 June 2024, the transaction costs of outstanding perpetual bonds issued by the bank were RMB6 million (31 December 2023: RMB13 million).

4.35 Perpetual Bonds (continued)

(2) Main Clauses

(a) Principal Amount

2019 Undated Tier 1 Capital Bonds RMB40 billion.

2021 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

2022 Undated Tier 1 Capital Bonds-Series 1 RMB5 billion.

(b) Maturity Date

The Bonds will continue to be outstanding so long as the Issuer's business continues to operate.

(c) Distribution Rate

The Distribution Rate of the Bonds will be adjusted at defined intervals, with a Distribution Rate Adjustment Period every 5 years since the Payment Settlement Date. In any Distribution Rate Adjusted Period, the Distribution Payments on the Bonds will be made at a prescribed fixed Distribution Rate. The Distribution Rate at the time of issuance will be determined by book running and centralized allocation.

The Distribution Rate is determined by a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China Treasury Notes (rounded up to 0.01%) published on ChinaBond.com.cn or other websites approved by the China Central Depository & Clearing Co., Ltd. The fixed spread is the difference between the Distribution Rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

(d) Conditional Redemption Rights of the Issuer

The Bonds Issuance sets conditional Redemption Rights for the Issuer. From the fifth anniversary since the issuance of the Bonds, the Issuer may redeem the Bonds in whole or in part on each Distribution Payment Date (including the fifth Distribution Payment Date since the Issuance). If, after the Issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Issuer may redeem all but not part of the Bonds.

(e) Subordination

The claims in respect of the Bonds, in the event of a winding-up of the Issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Issuer's shareholders and rank pari passu with the claims in respect of any other Tier 1 Capital instruments of the Issuer that rank pari passu with the Bonds. If subsequent amendments to the PRC Enterprise Bankruptcy Law or relevant regulations are applicable, such relevant laws and regulations shall prevail.

4.35 Perpetual Bonds (continued)

(2) Main Clauses (continued)

(f) Distribution Payment

The Issuer shall have the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Issuer will take into full consideration the interest of the Bondholders. The Issuer may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the Bonds, no matter in whole or in part, will not impose any other restriction on the Issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

The Bonds do not have any step-up mechanism or any other incentive to redeem.

(g) Put Option

Put Option of investors is not applicable.

(3) Changes in perpetual bonds outstanding

Perpetual Bonds	**1 January 2024**		**Movements**		**30 June 2024**	
	Amount (million pieces	**Issue Amount**	**Amount (million pieces**	**Issue Amount/ (Redemption Amount)**	**Amount (million pieces**	**Issue Amount**
2019 Undated Capital Bonds	**400**	**40,000**	**(400)**	**(40,000)**	**–**	**–**
2021 Undated Capital Bonds (Series 1)	**300**	**30,000**	**–**	**–**	**300**	**30,000**
2022 Undated Capital Bonds (Series 1)	**50**	**5,000**	**–**	**–**	**50**	**5,000**
Total		**75,000**		**(40,000)**		**35,000**

Perpetual Bonds	1 January 2023		Movements		31 December 2023	
	Amount (million pieces	Issue Amount	Amount (million pieces	Issue Amount/ (Redemption Amount)	Amount (million pieces	Issue Amount
2019 Undated Capital Bonds	400	40,000	–	–	400	40,000
2021 Undated Capital Bonds (Series 1)	300	30,000	–	–	300	30,000
2022 Undated Capital Bonds (Series 1)	50	5,000	–	–	50	5,000
Total		75,000		–		75,000

4.36 Related information attributable to the holders of equity instruments

Preference shares and perpetual bonds issued by the Bank are classified as equity instruments and are listed in the consolidated balance sheet under shareholders' equity. In accordance with the relevant regulations of the former CBIRC, the preferred shares and perpetual bonds issued by the Bank have met the criteria of qualifying other Tier 1 capital instruments.

Interests attributable to the holders of equity instruments

	30 June 2024	31 December 2023
Total equity attributable to equity holders of the Bank	**596,141**	624,602
Equity attributable to ordinary equity holders of the Bank	**541,141**	529,602
Equity attributable to other equity holders of the Bank	**55,000**	95,000
Total equity attributable to non-controlling interests	**13,501**	13,199
Equity attributable to non-controlling interests of ordinary shares	**13,501**	13,199

4.37 Surplus reserve, general reserve and retained earnings

(1) Surplus reserve

Under the PRC laws, Articles of the Bank and the resolution of the Board of Directors, the Bank is required to appropriate 10% of its net profit. The appropriation to the statutory surplus reserves may cease when such reserves has reached 50% of the share capital. Subject to the approval of the equity shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

The Group did not appropriate statutory surplus reserve for the six months ended 30 June 2024 (for the year ended 31 December 2023: RMB3,529 million).

(2) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the MOF, the Bank is required to provide for impairment losses of its assets and set aside a general reserve through the appropriation of net profits to cover potential losses against its assets. The general reserve is part of the equity shareholders' interests and should not be less than 1.5% of the year-end balance of risk-bearing assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations, which were included in the Group's general reserve.

The Group appropriated RMB154 million of profits to the general reserve for the six months ended 30 June 2024 (for the year ended 31 December 2023: RMB4,743 million).

4.37 Surplus reserve, general reserve and retained earnings (continued)

(3) Retained earnings

As at 30 June 2024, the retained earnings included the statutory surplus reserve of RMB996 million contributed by the subsidiaries (31 December 2023: RMB993 million). The surplus reserve of the subsidiaries included in the retained earnings cannot be distributed.

4.38 Non-controlling interests

As at 30 June 2024, the non-controlling interests in the subsidiaries were RMB13,501 million (31 December 2023: RMB13,199 million).

4.39 Dividends/Interests

(1) Dividends for Ordinary Shares

The board of directors approved the cash dividends distribution plan for 2024 interim at the Board Meeting on 29 August 2024. The cash dividends declared was RMB1.30 (tax inclusive) for every 10 shares. A total dividend of RMB5,692 million (tax inclusive) was based on total number of shares of 43,782 million as at 30 June 2024. This plan is still pending approval by the shareholders' meeting.

The shareholders approved the cash dividends distribution plan for 2023 at the Annual General Meeting on 26 June 2024. The cash dividends declared was RMB2.16 (tax inclusive) for every 10 shares. A total dividend of RMB9,457 million (tax inclusive) was based on total number of shares of 43,782 million as at 31 December 2023.

The shareholders approved the cash dividends distribution plan for 2022 at the Annual General Meeting on 9 June 2023. The cash dividends declared was RMB2.14 (tax inclusive) for every 10 shares. A total dividend of RMB9,369 million (tax inclusive) was based on total number of shares of 43,782 million as at the record dates.

(2) Dividends for Preference Shares

According to the resolution on the distribution of dividends for domestic preference shares passed at the Board of Directors' meeting held on 30 August 2023, dividend approved was amounted to RMB876 million (including tax), calculated at the coupon rate of 4.38% (including tax) before the first reset date pursuant to the terms and conditions of domestic preference shares. The dividend payment date was 18 October 2023.

(3) Interests for Perpetual Bonds

On 3 June 2024, the Bank declared interest for 2022 undated capital bonds. Interest approved amounted to RMB210 million (including tax), calculated at the initial annual pay-out ratio of 4.20% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 6 May 2024, the Bank declared interest for 2019 undated capital bonds. Interest approved amounted to RMB1,940 million (including tax), calculated at the initial annual pay-out ratio of 4.85% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

4.39 Dividends/Interests (continued)

(3) Interests for Perpetual Bonds (continued)

On 10 April 2024, the Bank declared interest for 2021 undated capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 4 June 2023, the Bank declared interest for 2022 undated capital bonds. Interest approved amounted to RMB210 million (including tax), calculated at the initial annual pay-out ratio of 4.20% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 2 June 2023, the Bank declared interest for 2019 undated capital bonds. Interest approved amounted to RMB1,940 million (including tax), calculated at the initial annual pay-out ratio of 4.85% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 10 April 2023, the Bank declared interest for 2021 undated capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

4.40 Other reserves

	Six months ended 30 June	
	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income	**173**	884
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
Changes in fair value	**4,667**	3,279
Allowance for impairment losses	**30**	204
Amount transferred to profit or loss from other comprehensive income (a)	**(2,403)**	(1,010)
Less: Tax effect	**(479)**	(673)
Subtotal	**1,988**	2,684
Effective hedging portion of gains or losses arising from cash flow hedging instruments	**30**	52
Less: Tax effect	**(7)**	(13)
Subtotal	**23**	39
Exchange difference on translating foreign operations	**25**	(2)
Total	**2,036**	2,721

(a) It refers to the amount transferred to profit or loss due to disposal.

4.40 Other reserves (continued)

Investment revaluation reserve and cash flow hedging reserve attributable to equity holders of the Bank in the consolidated statement of financial position:

	Attributable to equity shareholders of the Bank			
	Investment revaluation reserve	**Cash flow hedging reserve**	**Exchange reserve**	**Total**
1 January 2024	**1,507**	**(17)**	**532**	**2,022**
Movement during the period	**1,922**	**23**	**25**	**1,970**
30 June 2024	**3,429**	**6**	**557**	**3,992**
1 January 2023	(1,079)	1	466	(612)
Movement during the year	2,586	(18)	66	2,634
31 December 2023	1,507	(17)	532	2,022

4.41 Notes to the consolidated cash flow statement

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	30 June 2024	31 December 2023
Cash (Note 4.11)	**5,652**	7,002
Surplus deposit reserves with central bank (Note 4.11)	**32,020**	90,705
Balances with banks and other financial institutions – demand deposits	**43,154**	109,925
Original maturity within 3 months:		
– Balances with banks and other financial institutions	**4,546**	4,347
– Placements with banks and other financial institutions	**27,666**	25,357
Total	**113,038**	237,336

4.42 Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognized financial assets to third parties or to structured entities. In some cases these transfers may give rise to full or partial de-recognition of the financial assets concerned. In other cases where the transferred assets do not qualify for de-recognition as the Group retains substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

(1) Securitization transactions

The Group enters into securitization transactions by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed among other factors, whether or not to derecognize the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the six months ended 30 June 2024, the Group transferred loans through securitisation transactions with gross balance of RMB3,958 million (For the year ended 31 December 2023: RMB10,524 million). These transactions were all qualified for full de-recognition concluded by the Group.

(2) Transfer of non-performing financial assets

For the six months ended 30 June 2024, the Group transferred non-performing financial assets through disposal to third parties, with gross balance of RMB1,965 million (For the year ended 31 December 2023: RMB28,982 million). The Group transferred substantially all the risks and rewards of these non-performing financial assets and therefore has derecognized them.

(3) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or re-pledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2024, the carrying amount of debt securities lent to counterparties was RMB79,189 million (31 December 2023: RMB45,483 million).

5 SEGMENT INFORMATION

The Group conducts business activities in key business lines and geographical regions.

Segment assets, liabilities, revenues, and expenditures are measured following the Group's accounting policies and internal management rules. The items of each segment include those which can be directly attributable to the segment or can be assigned to the segment based on reasonable criteria.

As a part of the management of assets and liabilities, the Group's capital resources are allocated to various business segments through the Treasury Department of the Head Office. The Group's internal transfer pricing mechanism uses market interest rates as the benchmark and determines transfer prices concerning the internal capital pool. The impact of internal trading has been offset when preparing the consolidated statements.

Capital expenditures of each segment refer to spending relating to purchasing fixed assets, intangible assets, and other long-term assets during the reporting period.

5.1 Business segments

(a) Corporate banking — Providing banking products and services for corporate customers, government agencies and financial institutions. These products and services include corporate deposits, corporate loans, investment business, interbank business, financial markets business and various corporate intermediary business.

(b) Retail banking — Providing banking products and services for individual clients and small and micro-enterprises. These products and services include deposits and loans, credit and debit cards services, wealth management, private banking and various retail intermediary businesses.

(c) Others — Group's bond investments and money markets transactions which conducted on-demand for liquidity management, and those other businesses which cannot form a single reportable segment and businesses of subsidiaries.

	Six months ended 30 June 2024			
	Corporate banking	**Retail banking**	**Others**	**Total**
Operating income	**31,833**	**29,973**	**3,783**	**65,589**
Net interest income	**22,430**	**23,887**	**2,265**	**48,582**
Include: inter-segment net interest income/(expense)	**3,673**	**(4,732)**	**1,059**	**–**
Net fee and commission income	**2,958**	**5,970**	**717**	**9,645**
Net other income	**6,445**	**116**	**801**	**7,362**
Operating expenses	**(7,035)**	**(10,457)**	**(3,961)**	**(21,453)**
Credit impairment losses	**(7,631)**	**(11,785)**	**(1,135)**	**(20,551)**
Other impairment losses	**(194)**	**(3)**	**88**	**(109)**
Profit before income tax	**16,973**	**7,728**	**(1,225)**	**23,476**
Depreciation and amortisation	**1,589**	**1,493**	**1,313**	**4,395**
Capital expenditure	**1,389**	**1,305**	**7,686**	**10,380**

5 SEGMENT INFORMATION (continued)

5.1 Business segments (continued)

	As at 30 June 2024			
	Corporate banking	**Retail banking**	**Others**	**Total**
Segment assets	**4,722,383**	**1,860,240**	**910,559**	**7,493,182**
Deferred income tax assets				**57,831**
Total assets				**7,551,013**
Segment liabilities	**(4,531,191)**	**(1,419,488)**	**(990,463)**	**(6,941,142)**
Deferred income tax liabilities				**(229)**
Total liabilities				**(6,941,371)**
Credit commitments	**758,502**	**511,130**	**–**	**1,269,632**

	Six months ended 30 June 2023			
	Corporate banking	Retail banking	Others	Total
Operating income	34,570	31,601	3,697	69,868
Net interest income	25,077	25,405	852	51,334
Include: inter-segment net interest income/(expense)	9,382	(6,226)	(3,156)	–
Net fee and commission income	3,888	6,080	868	10,836
Net other income	5,605	116	1,977	7,698
Operating expenses	(6,889)	(10,592)	(4,698)	(22,179)
Credit impairment losses	(10,256)	(10,875)	(1,079)	(22,210)
Other impairment losses	(728)	–	(4)	(732)
Profit before income tax	16,697	10,134	(2,084)	24,747
Depreciation and amortisation	1,512	1,377	1,248	4,137
Capital expenditure	1,902	1,734	5,642	9,278

5 SEGMENT INFORMATION (continued)

5.1 Business segments (continued)

	As at 31 December 2023			
	Corporate banking	Retail banking	Others	Total
Segment assets	4,746,660	1,869,630	1,004,083	7,620,373
Deferred income tax assets				54,592
Total assets				7,674,965
Segment liabilities	(4,712,506)	(1,355,082)	(969,362)	(7,036,950)
Deferred income tax liabilities				(214)
Total liabilities				(7,037,164)
Credit commitments	734,613	545,007	–	1,279,620

5.2 Geographical segments

The Group mainly operates in China mainland, with branches distributing across different provinces, autonomous regions and municipalities directly under the Central Government of the country. The Group also has a number of subsidiaries in China mainland and has one branch and subsidiaries in Hong Kong.

Head Office	Including head office, credit card centre and institutions directly under the head office
Yangtze River Delta	Including branches in Shanghai, Zhejiang Province and Jiangsu Province
Pearl River Delta	Including branches in Guangdong Province and Fujian Province
Bohai Rim	Including branches in Beijing, Tianjin, Shandong Province and Hebei Province
Northeastern Region	Including branches in Liaoning Province, Jilin Province and Heilongjiang Province
Central Region	Including branches in Shanxi Province, Henan Province, Hunan Province, Hubei Province, Anhui Province, Jiangxi Province and Hainan Province
Western Region	Including branches in Chongqing, Sichuan Province, Yunnan Province, Shanxi Province, Gansu Province, Guizhou Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region, Inner Mongolia Autonomous Region and Tibet Autonomous Region
Overseas and Subsidiaries	Including Hong Kong Branch and subsidiaries

5 SEGMENT INFORMATION (continued)

5.2 Geographical segments (continued)

	Six months ended 30 June 2024		As at 30 June 2024
	Operating income	**Profit before income tax**	**Segment assets (1)**
Head Office	**22,685**	**4,641**	**3,151,158**
Yangtze River Delta	**10,734**	**2,755**	**1,189,535**
Pearl River Delta	**7,438**	**3,970**	**789,619**
Bohai Rim	**8,009**	**4,123**	**1,330,581**
Northeastern Region	**1,344**	**725**	**150,852**
Central Region	**5,618**	**2,887**	**578,793**
Western Region	**4,940**	**2,128**	**675,957**
Overseas and subsidiaries	**4,821**	**2,247**	**451,865**
Inter-segment elimination	**–**	**–**	**(825,178)**
Total	**65,589**	**23,476**	**7,493,182**

	Six months ended 30 June 2023		As at 31 December 2023
	Operating income	Profit before income tax	Segment assets (1)
Head Office	22,020	4,627	3,369,881
Yangtze River Delta	12,044	4,038	1,260,635
Pearl River Delta	8,401	4,664	758,206
Bohai Rim	8,625	2,410	1,490,154
North-Eastern Region	843	(832)	154,292
Central Region	5,945	3,424	563,519
Western Region	7,468	4,639	667,749
Overseas and subsidiaries	4,522	1,777	397,135
Inter-segment elimination	–	–	(1,041,198)
Total	69,868	24,747	7,620,373

(1) Segment assets do not include deferred tax assets.

6 CONTINGENT LIABILITIES AND COMMITMENTS

6.1 Credit commitments

Credit commitments take the form of approved loans with signed contracts, credit card limits, financial guarantees and letters of credit. The Group regularly assesses the contingent losses of its credit commitments and makes allowances where necessary.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties fail to fully perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the credit facilities may expire without being drawn upon, the contract amounts set out in the following table do not represent expected future cash outflows.

	30 June 2024	31 December 2023
Bank acceptances	**464,786**	476,334
Guarantees	**136,628**	130,996
Letters of credit	**113,735**	107,030
Unused credit card commitments	**510,741**	514,685
Irrevocable credit commitments		
– original maturity date within 1 year	**28,170**	33,943
– original maturity date over 1 year	**15,572**	16,632
Total	**1,269,632**	1,279,620

Details of credit loss of off-balance-sheet credit commitments (Note 4.30).

	30 June 2024	31 December 2023
Credit risk weighted amounts of credit commitments	**608,254**	368,187

6.2 Capital commitments

	30 June 2024	31 December 2023
Contracted but not paid for	**13,106**	13,339

6.3 Collateral

(1) Assets pledged

The book value of assets used as collateral for business such as borrowings from banks and other financial institutions, selling for repurchase, borrowings from central bank, derivative transactions and precious metal transactions are as follows:

	30 June 2024	31 December 2023
Balances with banks and other financial institutions	**10,047**	5,224
Loans and advances to customers	**2,040**	2,062
Discounted bills	**68,694**	58,685
Financial investments	**246,468**	339,352
Long-term receivables	**7,688**	10,998
Property and equipment	**5,355**	8,701
Total	**340,292**	425,022

As at 30 June 2024, except for assets pledged mentioned above, the amount of RMB888 million of the Group's Balances with banks and other financial institutions was mainly used as special funds for a subsidiary’s business (31 December 2023: RMB1,384 million).

(2) Collateral received

The Group received debt securities, bills and others as collateral in connection with the purchase of assets under resale agreements and securities lending transactions. As at 30 June 2024, the Group had no collateral that was sold or lent to counterparties, but obligated to return (31 December 2023: Nil).

6.4 Underwriting of securities

As at 30 June 2024, there was no unexpired underwriting commitment for the Group (31 December 2023: Nil).

6.5 Redemption commitments

As an underwriting agent of PRC government bonds, the Bank has the obligation to buy back those bonds sold should the holders decide to redeem the bonds early. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. The amount of redemption obligation, which represents the nominal value of government bonds underwritten and sold by the Bank, but not yet matured as at 30 June 2024 was RMB2,905 million (31 December 2023: RMB2,524 million). The original maturities of the bonds vary from one to five years.

6 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

6.6 Outstanding litigation

A number of outstanding litigation matters against the Group had arisen in the normal course of its business as at 30 June 2024 and 31 December 2023. The Group makes provisions for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 4.30).

7 INTERESTS IN STRUCTURED ENTITIES

7.1 Consolidated structured entities

As at 30 June 2024, the consolidated structured entities amounted to RMB100,485 million (31 December 2023: RMB80,977 million).

7.2 Unconsolidated structured entities

(1) Invested structured entities in which the Group holds an interest

Unconsolidated invested structured entities include asset-backed securities, funds, trust and asset management plans and others. The Group holds interests in these structured entities and has no obligation or intention to provide financial support to these structured entities, and the Group records interest income, net trading gain and net gain from investment securities therefrom.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets are recognised relating to the Group's interests in invested structured entities:

	30 June 2024			
	Financial assets at fair value through profit and loss	**Financial assets measured at amortised cost**	**Financial assets at fair value through other comprehensive income**	**Total**
Asset-backed securities	**1,822**	**132,573**	**19,120**	**153,515**
Funds	**125,080**	**–**	**–**	**125,080**
Trust and asset management plans	**19,007**	**28,005**	**–**	**47,012**
Others	**7,594**	**–**	**–**	**7,594**
Total	**153,503**	**160,578**	**19,120**	**333,201**

7 INTERESTS IN STRUCTURED ENTITIES (continued)

7.2 Unconsolidated structured entities (continued)

(1) Invested structured entities in which the Group holds an interest (continued)

	31 December 2023			
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Total
Asset-backed securities	1,756	158,140	21,860	181,756
Funds	131,557	–	–	131,557
Trust and asset management plans	17,185	30,482	–	47,667
Others	5,278	–	–	5,278
Total	155,776	188,622	21,860	366,258

The maximum exposures to loss in the above asset-backed securities, funds, trust and asset management plans and others are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the consolidated statement of financial positions.

(2) Interests held in structured entities sponsored and managed but not consolidated by the Group

Structured entities sponsored and managed but not consolidated by the Group primarily include wealth management products, funds and asset management plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. Interests held by the Group are mainly fees charged by providing management services. The Group has no obligation or intention to provide financial support to these structured entities.

As at 30 June 2024, the balance of wealth management products sponsored and managed but not consolidated by the Group is RMB954,729 million (31 December 2023: RMB867,693 million), and the balance of funds and asset management plans sponsored and managed but not consolidated by the Group is RMB103,525 million (31 December 2023: RMB107,869 million).

For the six months ended 30 June 2024, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB1,730 million (For the six months ended 30 June 2023: RMB1,564 million). As at 30 June 2024 and 31 December 2023, the carrying amounts of commission receivable being recognised are not material in the consolidated statement of financial positions.

8 ENTRUSTED LENDING BUSINESS

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	30 June 2024	31 December 2023
Entrusted loans	**277,169**	275,968
Entrusted funds	**277,169**	275,968

9 RELATED PARTIES

9.1 Related parties

(1) Related parties of the Group refer to entities controlled, or jointly controlled by or under significant influence of the Group; entities that control, jointly control or have significant influence over the Group; or entities with which the Group is under control, joint control or significant influence of another party. Related parties can be a natural person, corporate or unincorporated organization.

Related parties of the Group mainly include corporates or unincorporated organizations that hold or control more than 5% of the Bank's equity interests, and corporates or unincorporated organizations that hold less than 5% of the Bank's equity interests but have significant influence on the Bank, and the controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries of these entities as well as corporates or unincorporated organizations under the control of these entities; the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers (hereinafter referred to as "insiders of the Bank"), their close family members, and the corporates or unincorporated organizations controlled by the aforementioned persons; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; corporates or unincorporated organizations under control or significant influence of the Bank; and natural persons, corporates or unincorporated organizations identified by the Bank as being related on a substance over form basis and/or see-through basis.

The eligibility of the Bank's major shareholders complies with the Interim Measures for Equity Management of Commercial Banks (former CBIRC order [2018] No. 1).

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders

Company name	Registered location	30 June 2024 No. of Shares of the Bank held by the Company (share)	30 June 2024 Proportion of shares of the Bank held by the Company (%)	31 December 2023 No. of Shares of the Bank held by the Company (share)	31 December 2023 Proportion of shares of the Bank held by the Company (%)	Business (a)	Legal form	Legal representative
Dajia Life Insurance Inc.	Beijing	**7,810,214,889**	**17.84**	7,810,214,889	17.84	Insurance business	Joint stock limited company	He Xiaofeng
Shanghai Giant Lifetech Co., Ltd.	Shanghai	**1,379,679,587**	**3.15**	1,379,679,587	3.15	Retail business	Limited company	Wei Wei
Alpha Frontier Limited	Cayman Islands	**713,501,653**	**1.63**	713,501,653	1.63	Investment holding	Limited company	Zhang lv
Liberal Rise Limited	British Virgin Islands	**84,522,480**	**0.19**	84,522,480	0.19	Investment holding	Limited company	Shi Yuzhu
New Hope Liuhe Investment Co., Ltd.	Tibet	**1,828,327,362**	**4.18**	1,828,327,362	4.18	Commercial service	Limited company	Wang Pusong
South Hope Industrial Co., Ltd.	Tibet	**343,177,327**	**0.78**	343,177,327	0.78	Retail business	Limited company	Li Jianxiong
Tongfang Guoxin Investment Co., Ltd.	Chongqing	**1,888,530,701**	**4.31**	1,888,530,701	4.31	Commercial service	Limited company	Liu Qinqin
Chongqing International Trust Co., Ltd.	Chongqing	**103,658,821**	**0.24**	103,658,821	0.24	Other financial industry	Joint stock limited company	Weng Zhenjie
China Shipowners Mutual Assurance Association	Shanghai	**1,324,284,453**	**3.02**	1,324,284,453	3.02	Marine mutual insurance and services	National social group	Song Chunfeng
Orient Group Incorporation	Heilongjiang	**1,280,117,123**	**2.92**	1,280,117,123	2.92	Agricultural and sideline food processing industry	Joint stock limited company	Sun Mingtao
Oriental Group Co., Ltd.	Beijing	**15,344,100**	**0.04**	35,000,000	0.08	Commercial service	Limited company	Zhang Xianfeng
Good First Group Co., Ltd.	Fujian	**133,200,000**	**0.30**	133,200,000	0.30	Wholesale business	Limited company	Wu Di
Tibet Hengxun Corporate Management Co., Ltd.	Tibet	**80,500,000**	**0.18**	80,500,000	0.18	Commercial service	Limited company	Chen Jianjun
Tibet Fuju Enterprise Management Co., Ltd.	Tibet	**52,900,000**	**0.12**	52,900,000	0.12	Commercial service	Limited company	Chen Jianjun

(2) The Bank's major shareholders (continued)

In accordance with the announcement published on the website of the Bank on 24 April 2024, China Oceanwide Holdings Group Co., Ltd. (China Oceanwide Holdings Group) and companies acting in concert with China Oceanwide Holdings Group, including Oceanwide International Equity Investment Limited, China Oceanwide International Investment Company Limited, and Long Prosper Capital Company Limited (hereinafter collectively referred to as "China Oceanwide Holdings Group and companies acting in concert"), collectively held 2,185,239,409 unrestricted shares of the Bank, representing 4.99% of the total shares of the Bank (As at 31 December 2023, China Oceanwide Holdings Group and companies acting in concert collectively held 2,219,553,255 unrestricted shares of the Bank, representing 5.07% of the total shares of the Bank). In accordance with the announcement on 26 June 2024 on the resolution of the Annual General Meeting, China Oceanwide Holdings Group Co., Ltd. ceased to designate director to the Bank. Therefore, China Oceanwide Holdings Group and companies acting in concert are not the Bank's major shareholder.

(a) Particulars of principal operations:

Dajia Life Insurance Inc.: life insurance, health insurance, accident insurance and other types of life insurance business; reinsurance for the aforementioned business operations; business operations involving the use of insurance funds as permitted by relevant laws and regulations of the state; other business activities as approved by the former CBIRC.

Shanghai Giant Lifetech Co., Ltd.: food production and sales (through branch networks); sales of cosmetics, cleaning supplies, health care equipment, kitchenware; R&D, technological consultation, technological services and technology transfer in relation to health care food; wholesale non-physical means pre-packaged food (excluding pre-cooked food and sauced food, frozen and refrigerated food); investment management; asset management; investment consulting; business information consulting; and business management consulting.

Alpha Frontier Limited: investment holdings.

Liberal Rise Limited: investment holdings.

New Hope Liuhe Investment Co., Ltd.: venture capital; investment management; financial advisory; wealth management consulting; corporate restructuring consulting; market survey; credit investigation; technology development and transfer; technical consulting services, etc.

South Hope Industrial Co., Ltd.: Feed research and development; wholesale and retail: electronic products, hardware fittings and parts and electrical wares and products, household commodities, knitwear and textiles, stationery and office supplies (excluding color photocopiers), building materials (excluding hazardous chemicals and wood), agricultural product, by products and distinctive local goods and produce (excluding those specified by the state), chemical products (excluding hazardous chemicals), and machinery and equipment; investment and consulting services (excluding intermediary services).

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations: (continued)

Tongfang Guoxin Investment Co., Ltd.: engage in investment activities with its own funds (forbidden financial operations include: absorption of public deposits or disguised absorption of public deposits, loans and securities offering, and futures, etc.); investment-related advisory services in relation to market information and investment policies to its affiliates; transportation facilities maintenance; engineering management services; standardized services; planning and design management; corporate headquarters management; business management; commercial complex management services; external contracting projects; real estate property management.

Chongqing International Trust Co., Ltd.: fund trusts, movable property trusts, real estate trusts, securities trusts, other property or property rights trusts; investment fund business as the sponsor of investment funds or fund management companies; asset restructuring, mergers and acquisitions and project financing, corporate wealth management, financial consulting, etc.; entrusted securities underwriting as approved by relevant departments of the State Council; intermediary, consulting, credit investigation services; safekeeping and safe deposit box services; placement with banks and other financial institutions, lending to banks and other financial institutions, loans, leases and investments with proprietary assets; guarantees with proprietary assets; placement with and lending to banks and other financial institutions; other business operations permissible under relevant laws and regulations or as approved by the former China Banking and Insurance Regulatory Commission (all above in both Renminbi and foreign currencies).

China Shipowners Mutual Assurance Association: marine mutual insurance; business training; maritime exchanges; international cooperation; and consulting services.

Orient Group Incorporation: permitted item: food production (branch operation); grain processed food production (branch operation); bean products manufacturing (branch operation); crop seed management (branch operation); job intermediary activities. general items: grain purchase; import and export of goods; technology import and export; foreign contracted projects; estate management; sales of light building materials; sales of building materials; sales of construction machinery; furniture sales; wholesale of hardware products; sanitary ware sales; sales of metal materials; research and development of new material technology; grain sales; grain planting (branch operation); enterprise headquarters management; primary processing of edible agricultural products (branch operation).

Oriental Group Co., Ltd.: engage in investment activities with its own funds; information system integration services; domestic trade agency; import and export agency; technology import and export; realty management; coal sales; wholesale of hardware products.

Good First Group Co., Ltd.: high-tech product R&D and sales, industrial investments; investments in education, agriculture, industry, entertainment and health care industry; sales of photography and new building materials; wholesale and retail: chemicals (excluding hazardous chemicals and restricted chemicals), knitwear and textiles, hardware fittings and parts and electric wares and products, household commodities, metal materials, construction materials, automobiles (excluding passenger cars) and parts, general machinery, electronic products and communications equipment, and mineral products as approved by the state.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders (continued)

(a) Particulars of principal operations: (continued)

Tibet Heng Xun Corporate Management Co., Ltd.: corporate image, promoting and branding services; exhibition and demonstration services; market survey (excluding those involving national secrets and personal privacy); retail of building materials and auxiliary building materials; sales of feed and raw materials, fertilizers, rubber products, raw chemical materials (excluding hazardous chemicals and chemicals that can be easily used to produce addictive drugs), and metal materials.

Tibet Fuju Enterprise Management Co., Ltd.: management; business management consulting; corporate image planning; marketing planning; conference and exhibition services; Market research (excluding foreign-related research).

The information of registered capital of the related parties as at the end of the reporting period is as below:

Company name	**30 June 2024**	31 December 2023
Dajia Life Insurance Inc.	**RMB30,790 million**	RMB30,790 million
Shanghai Giant Lifetech Co., Ltd.	**RMB245 million**	RMB245 million
Alpha Frontier Limited	**USD17.5 thousand**	USD17.5 thousand
Liberal Rise Limited	**USD0.05 million**	USD0.05 million
New Hope Liuhe Investment Co., Ltd.	**RMB577 million**	RMB577 million
South Hope Industrial Co., Ltd.	**RMB1,034 million**	RMB1,034 million
Tongfang Guoxin Investment Co., Ltd.	**RMB2,574 million**	RMB2,574 million
Chongqing International Trust Co., Ltd.	**RMB15,000 million**	RMB15,000 million
China Shipowners Mutual Assurance Association	**RMB0.10 million**	RMB0.10 million
Orient Group Incorporation	**RMB3,659 million**	RMB3,659 million
Oriental Group Co., Ltd.	**RMB1,000 million**	RMB1,000 million
Good First Group Co., Ltd.	**RMB133 million**	RMB133 million
Tibet Heng Xun Corporate Management Co., Ltd.	**RMB10 million**	RMB10 million
Tibet Fuju Enterprise Management Co., Ltd.	**RMB300 million**	RMB300 million

As at 30 June 2024, China Oceanwide Holdings Group and companies acting in concert are not the Bank's major shareholder (As at 31 December 2023, the registered capital of China Oceanwide Holdings Group Co., Ltd. was RMB20,000 million; the registered capital of Oceanwide International Equity Investment Limited was USD0.05 million; the registered capital of China Oceanwide International Investment Company Limited was HKD1,548 million; the registered capital of Long Prosper Capital Company Limited was USD0.05 million).

(3) The detailed information of the Bank's subsidiaries is set out in Note 4.22.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(4) Relationship with related parties

Company name	Relationship with the Bank
Oceanwide Holding Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Cibi Business Information Consulting Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
China Oceanwide Holdings Group Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Wuhan Centre Building Development Investment Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Zhunji Business Consulting Partnership (LP)	Related party of Shanghai Giant Lifetech Co., Ltd.
Guizhou Guoyuan Mining Development Co., Ltd.	Related party with equity interests held by the Bank
Wuhan CBD Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Chongqing Yufu Expressway Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Beijing Dacheng Hotel Co., Ltd.	Related party of Orient Group Incorporation
Tianjin Languang Hejun Small Station Culture and Tourism Entertainment Development Co., Ltd.	Related party of CMBC INTERNATIONAL HOLDINGS LIMITED
Tianjin Haihui Real Estate Development Co., Ltd.	Related party of Good First Group Co., Ltd.
Tianjin Shengshi Xinhe Real Estate Co., Ltd.	Related party of Dajia Life Insurance Inc.
Xiamen Rongyin Co., Ltd.	Related party of Good First Group Co., Ltd.
Shanghai Yuye Industrial Development Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Chongqing Gengyu Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Related party of Dajia Life Insurance Inc.
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Dazhou Steel Group Co., Ltd.	Related party with equity interests held by the Bank
Yunnan Textile Corporation	Related party of Tongfang Guoxin Investment Co., Ltd.
Kunming Dashanghui Industrial Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Guangxi Xindi Investment Co., Ltd.	Related party of Good First Group Co., Ltd.
Xiamen Hongfu Co., Ltd.	Related party of Good First Group Co., Ltd.
Tianjin Yuanchuan Investment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Tianjin Boda Warehousing Service Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
New Hope Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shenyang New Hope Jinyu Real Estate Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
QUAM PLUS INTERNATIONAL FINANCIAL LIMITED	Related party of the Bank's insiders
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shanghai Gold Partner Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Grass Green Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Tianjin Yuanxi Real Estate Development Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Related party of Continental Hope Group Corp., Ltd.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(4) Relationship with related parties (continued)

Company name	Relationship with the Bank
Dalian Jianhua Sludge Treatment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Chongqing Yujinyue Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Sichuan Hope Deepblue Energy & Chemical Industry Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Shanghai Jianjiu Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Hope Senlan Science and Technology Holding Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Zhaojiu Technology Co., Ltd.	Related party of the Bank's insiders
Beijing ENRELY Technology Co., Ltd.	Related party of the Bank's insiders
Wuxi Yuanmai Information Technology Co., Ltd.	Related party of the Bank's insiders
Jiangsu Zhijun Power Equipment Co., Ltd.	Related party of the Bank's insiders
Quanzhou Fengze District best art auto parts shop	Related party of the Bank's insiders
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shenzhen Dianshi Chengjin Network Technology Co., Ltd.	Related party of the Bank's insiders
Hangzhou Dashu Yunzhi Technology Co., Ltd.	Related party of the Bank's insiders
UNITED ENERGY GROUP (HONG KONG) LIMITED	Related party of Orient Group Incorporation
SINO-OCEAN GROUP HOLDING LIMITED	Related party of the Bank's insiders
Sichuan Hope Deepblue Energy & Chemical Industry Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Sanya Minsheng Tourism Co., Ltd.	Related party of Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd.
Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd.	Companies funded by major shareholders and subsidiaries of the Bank
Minsheng Real Estate Co., Ltd.	Companies funded by the Labour Union Committee of the Bank
Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.	Companies funded by the Labour Union Committee of Beijing branch of the Bank
Minsheng Fintech Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.

9 RELATED PARTIES (continued)

9.1 Related parties (continued)

(5) Related natural persons

The related natural persons of the Group include: the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; and natural persons identified by the Bank as being related on a substance over form basis and/or look-through basis. As at 30 June 2024, the Bank has 13,657 related natural persons, including 152 who were directors of the Bank and their close family members, 77 who were supervisors of the Bank and their close family members, 186 who were senior executives of the head office and their close family members, 12,901 who were senior executives of key branches of the Bank or people with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members, 181 who were directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries, and 202 other natural persons.

Note: Among the Bank's directors and their close family members, 33 were also senior executives of the head office or close family members. Among the Bank's directors, supervisors and their close family members, 9 were also directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries.

9.2 Related party transactions

(1) Material related party transactions

Material related party transactions refer to transactions where an individual transaction between the Group and a single related party amounts to more than 1% of the Group's net capital at the end of the previous quarter, or where the cumulative total of transactions between the Group and a single related party amounts to more than 5% of the Group's net capital at the end of the previous quarter.

For the year ended 31 December 2023, the Bank granted to Dajia Life Insurance Inc. a comprehensive credit limit of RMB26 billion with a term of 2 years. As at 30 June 2024, the loan balance was RMB23.37 billion (31 December 2023: RMB26 billion).

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(2) Pricing policy

Transactions between the Group and its related parties are mainly conducted in the normal course of its business and on normal commercial terms, following the pricing policies that are consistent with those applicable to similar transactions with independent non-related parties.

(3) Loans to related parties

Balances outstanding as at the end of the reporting period:

	Types of collateral	30 June 2024	31 December 2023
Dajia Life Insurance Inc.	Pledged/ Collateralised/ Guaranteed	**23,370**	26,000
Oceanwide Holding Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**6,800**	6,800
Shanghai Cibi Business Information Consulting Co., Ltd.	Pledged/ Guaranteed	**6,610**	6,611
China Oceanwide Holdings Group Co., Ltd.	Pledged/ Guaranteed	**4,666**	4,666
Wuhan Centre Building Development Investment Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**3,972**	3,972
Shanghai Zhunji Business Consulting Partnership (LP)	Pledged/ Collateralised/ Guaranteed	**3,758**	4,329
Orient Group Incorporation	Pledged/ Collateralised/ Guaranteed	**3,467**	3,478
Guizhou Guoyuan Mining Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**3,335**	3,335
Wuhan CBD Co., Ltd.	Collateralised/ Guaranteed	**3,046**	3,046
Oriental Group Co., Ltd.	Pledged/ Guaranteed	**2,252**	2,252
Chongqing Yufu Expressway Co., Ltd.	Pledged/ Guaranteed	**1,875**	1,987
Beijing Dacheng Hotel Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**1,685**	1,698
Tongfang Guoxin Investment Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**1,262**	1,443
Tianjin Languang Hejun Small Station Culture and Tourism Entertainment Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**1,169**	1,169
Tianjin Haihui Real Estate Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**982**	985

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

Balances outstanding as at the end of the reporting period: (continued)

	Types of collateral	**30 June 2024**	31 December 2023
Tianjin Shengshi Xinhe Real Estate Co., Ltd.	Pledged/ Collateralised	**970**	–
Xiamen Rongyin Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**894**	900
Shanghai Yuye Industrial Development Co., Ltd.	Pledged/ Guaranteed	**875**	900
Chongqing Gengyu Real Estate Development Co., Ltd.	Collateralised	**844**	937
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Collateralised/ Guaranteed	**838**	867
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Collateralised	**737**	698
Sichuan Dazhou Steel Group Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**725**	725
Yunnan Textile Corporation	Pledged/ Collateralised/ Guaranteed	**624**	640
Kunming Dashanghui Industrial Co., Ltd.	Collateralised/ Guaranteed	**560**	580
Guangxi Xindi Investment Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**559**	569
Xiamen Hongfu Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**394**	400
Tianjin Yuanchuan Investment Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**316**	317
Tianjin Boda Warehousing Service Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**275**	276
New Hope Group Co., Ltd.	Guaranteed	**270**	300
Shenyang New Hope Jinyu Real Estate Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**240**	500
QUAM PLUS INTERNATIONAL FINANCIAL LIMITED	Pledged/ Guaranteed	**201**	227
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Pledged/ Guaranteed	**146**	146
Shanghai Gold Partner Biotechnology Co., Ltd.	Guaranteed	**145**	150
Grass Green Group Co., Ltd.	Pledged/ Guaranteed	**139**	149
Tianjin Yuanxi Real Estate Development Co., Ltd.	Pledged/ Collateralised	**133**	229

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

Balances outstanding as at the end of the reporting period: (continued)

	Types of collateral	**30 June 2024**	31 December 2023
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Guaranteed	**80**	80
Dalian Jianhua Sludge Treatment Co., Ltd.	Collateralised	**70**	70
Chongqing Yujinyue Real Estate Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	**70**	70
Sichuan Hope Deepblue Energy & Chemical Industry Corp., Ltd.	Guaranteed	**60**	–
Shanghai Jianjiu Biotechnology Co., Ltd.	Guaranteed	**40**	130
Hope Senlan Science and Technology Holding Corp., Ltd.	Guaranteed	**30**	30
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Guaranteed	**30**	30
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Collateralised	**15**	15
Shanghai Zhaojiu Technology Co., Ltd.	Collateralised	**13**	14
Beijing ENRELY Technology Co., Ltd.	Guaranteed	**3**	4
Wuxi Yuanmai Information Technology Co., Ltd.	Pledged	**3**	–
Jiangsu Zhijun Power Equipment Co., Ltd.	Collateralised	**2**	3
Quanzhou Fengze District best art auto parts shop	Collateralised	**1**	2
Shenzhen Dianshi Chengjin Network Technology Co., Ltd. (a)(b)	Collateralised	**0**	N/A
Hangzhou Dashu Yunzhi Technology Co., Ltd. (b)	Pledged	**0**	–
UNITED ENERGY GROUP (HONG KONG) LIMITED	Pledged/ Guaranteed	**–**	2,171
SINO-OCEAN GROUP HOLDING LIMITED	Guaranteed	**–**	198
Sichuan Hope Hydropower Development Co., Ltd.	Pledged/ Guaranteed	**–**	60
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Guaranteed	**–**	50
Individuals	Pledged/ Collateralised/ Guaranteed	**1,356**	1,401
Total		**79,907**	85,609
Ratio to similar transactions (%)		**1.83**	1.98
Interest rate ranges of corporate related parties		**1.65%-8.95%**	1.65%-8.95%

(a) Since 2024, these companies have become related parties of the Group.

(b) The balances are rounded to less than RMB1 million.

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

Amount of transactions:

	Six months ended 30 June	
	2024	2023
Interest income from loans	**1,887**	2,105
Ratio to similar transactions (%)	**2.11**	2.28

(4) Other transactions with related parties

Balances as at the end of the reporting period:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions** ***(%)***	Balance	Ratio to similar transactions *(%)*
Financial investments				
– Financial assets measured at amortised cost	**3,702**	**0.24**	3,212	0.21
– Financial assets at fair value through profit or loss	**876**	**0.27**	867	0.27
– Financial assets at fair value through other comprehensive income	**883**	**0.21**	646	0.15
Long-term receivables	**73**	**0.06**	109	0.09
Other assets (a)	**920**	**1.77**	850	1.72
Balances with banks and other financial institutions	**2**	**0.00**	6	0.00
Deposits and placements from banks and other financial institutions	**913**	**0.08**	1,133	0.09
Deposits from customers	**31,564**	**0.76**	34,825	0.80
Other liabilities	**22**	**0.03**	22	0.04

(a) Sanya Minsheng Tourism Co., Ltd. provides project management and business promotion assistant services for Minsheng Financial Leasing regarding its retail vehicle financial leasing business. Other assets mainly include the prepayment from Minsheng Financial Leasing to Sanya Minsheng Tourism Co., Ltd. for the above mentioned service fees to be amortised.

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties (continued)

Interest rate ranges for transaction balances as at the end of reporting period

	30 June 2024	31 December 2023
Financial investments		
– Financial assets measured at amortised cost	**3.80%-5.50%**	3.80%-5.50%
– Financial assets at fair value through other comprehensive income	**2.70%-5.50%**	2.70%-5.50%
Long-term receivables	**9.32%**	9.31%
Balances with banks and other financial institutions	**0.35%**	0.32%-0.35%
Deposits and placements from banks and other financial institutions	**0.20%-2.78%**	0.20%-2.35%
Deposits from customers	**0.00%-5.31%**	0.00%-5.35%

Amount of transactions:

	Six months ended 30 June			
	2024		2023	
	Balance	**Ratio to similar transactions** *(%)*	Balance	Ratio to similar transactions *(%)*
Interest income	**195**	**0.15**	118	0.09
Fee and commission income (a)	**115**	**1.00**	372	2.77
Interest expense	**250**	**0.31**	347	0.42
Operating expenses (b)	**847**	**3.95**	670	3.02
Net other operating income (c)	**250**	**16.59**	286	23.05

In addition to the above transactions, for the six months ended 30 June 2024, the Bank entrusted related parties to develop software and systems, and paid a total of RMB393 million (For the six months ended 30 June 2023: RMB634 million). The main service provider was Minsheng Fintech Co., Ltd.

(a) For the six months ended 30 June 2024 and for the six months ended 30 June 2023, it mainly represents the Group's income from agency sales of insurance products for Dajia Life Insurance Inc.

(b) Operating expenses of the Group were mainly for property management service and assets recovery service provided by Minsheng Real Estate Co., Ltd. and its related parties, financial business outsourcing service, travel and publicity campaigns provided by Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd. and its related parties, business process outsourcing service provided by Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.

(c) For the six months ended 30 June 2024, Minsheng Financial Leasing recognized RMB209 million fees for ancillary service in asset management provided by Sanya Minsheng Tourism Co. Ltd. (For the six months ended 30 June 2023: RMB274 million).

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties (continued)

Balance of off-balance sheet items:

	30 June 2024		31 December 2023	
	Balance	**Ratio to similar transactions *(%)***	Balance	Ratio to similar transactions *(%)*
Bank acceptances	**79**	**0.02**	89	0.02
Guarantees (a)	**0**	**0.00**	–	–
Letters of credit	**290**	**0.25**	290	0.27
Unused credit card commitments	**590**	**0.12**	596	0.12

(a) The balance is rounded to less than RMB1 million.

Balances of loans guaranteed by related parties:

	30 June 2024	31 December 2023
Loans guaranteed by related parties	**44,929**	42,677
Ratio to similar transactions (%)	**1.03**	0.99

(5) Transactions with the annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other significant transactions were conducted between the Group and the annuity scheme for the six months ended 30 June 2024 and for the six months ended 30 June 2023.

(6) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Bank's activities, directly or indirectly, including directors, supervisors and senior management.

The Bank enters into transactions with key management personnel under normal commercial terms. These include loans and deposits, which are carried out at rates similar to those offered to third parties. Outstanding loans to the key management personnel amounted to RMB0.77 million as at 30 June 2024 (31 December 2023: RMB2.26 million), which have been included in the above loans granted to related parties.

For the six months ended 30 June 2024, the pre-tax compensation (including wages and short-term benefits) of key management personnel totalled RMB25 million (for the six months ended 30 June 2023: RMB28 million).

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(7) Transactions between the Bank and its subsidiaries

Balances as at the end of the reporting period:

	30 June 2024	31 December 2023
Placements with banks and other financial institutions	**24,070**	28,829
Loans and advances to customers	**1,342**	1,385
Financial investment	**2,050**	1,427
Balances with banks and other financial institutions	**300**	220
Other assets	**70**	103
Deposits and placements from banks and other financial institutions	**11,642**	24,598
Deposits from customers	**731**	614
Debt securities issued	**498**	257
Other liabilities	**51**	51

Amount of transactions for the reporting period:

	Six months ended 30 June	
	2024	2023
Interest income	**667**	637
Interest expense	**134**	120
Fee and commission income	**302**	473
Fee and commission expense	**2**	87
Operating expenses	**–**	4
Net other operating income	**1**	1

(8) Material transactions between the Bank and its subsidiaries

(a) For the year ended 31 December 2022, the Bank granted Minsheng Financial Leasing a maximum credit limit of RMB38,520 million with a term of 2 years. Under the maximum credit limit:

(1) As at 30 June 2024, the balance of placements with banks and other financial institutions was RMB17,225 million (For the year ended 31 December 2023: RMB22,017 million).

(2) For the year ended 31 December 2023, Minsheng Financial Leasing transferred its financial leasing assets with a carrying amount of RMB10,381 million to the Bank through non-recourse factoring. For the six months ended 30 June 2024, no such related party transactions have occurred.

(b) For the year ended 31 December 2023, the Bank granted CMBC Wealth Management Co., Ltd. a maximum credit limit of RMB68,000 million with a term of 2 years. As at 30 June 2024, the credit line remained unused.

9 RELATED PARTIES (continued)

9.2 Related party transactions (continued)

(9) Transactions between subsidiaries

For the six months ended 30 June 2024, the transactions between the subsidiaries of the Group are mainly inter-bank deposits or lending. As at 30 June 2024, the balance of the above transactions was RMB20 million (31 December 2023: RMB153 million).

The balances and transaction amount with the subsidiaries and between the subsidiaries have been offset in these consolidated financial statements.

10 FINANCIAL RISK MANAGEMENT

10.1 Financial risk management overview

The financial risks the Group is exposed to mainly include credit risk, market risk, liquidity risk and operational risk etc. Risk management includes identification, measurement, assessment, monitoring, reporting, control and mitigation of risks. The core characteristic of the financial business is taking risks; risks are inevitable in business. The Group's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects from risks borne by the Group on its financial performance.

In response to new regulatory requirements and market changes as well as in light of the actual needs and current position, the Group sets its risk preferences, risk management strategies and risk policies, and takes a host of measures to ensure the risk preferences and policies are concretely implemented and complied with and strengthen the role of risk management in support of strategic decision-making, including improving its risk quantification tools and information systems, adopting and continuously improving its end-to-end risk control mechanisms and based on oversight and reviews of actual implementations, re-examining and optimising the risk preference funneling mechanisms, credit policies, limit management, and relevant systems and tools.

The Bank's Risk Management Committee, which operates under the Board of Directors, assists the Board in setting the Bank's risk preferences and risk management strategies, monitoring the Bank's risk management policies and their implementation, and assessing their effectiveness. In accordance with the risk preferences and management strategies, the Bank's senior management develops corresponding risk management policies and procedures and drives their implementation.

10.2 Credit risk

The Group is exposed to credit risk, which is the risk that a borrower or counterparty defaults as it fails to fully repay debts in a timely manner due to various reasons. Credit risk is the most important risk for the Group's operating activities; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending, trade finance, credit debt securities and leasing activities. There is also credit risk in off-balance sheet financial instruments, such as credit commitments and derivatives.

The Risk Management Committee is currently responsible for decision-making and overall coordination of credit risk prevention. The Bank adopts professional credit evaluation, full-process quality monitoring, problem asset professional management and collecting and other major methods for credit risk management.

After exhausting all necessary measures and implementing necessary procedures, the Group writes off the bad debts as determined in accordance with the criteria set out in the Group's write-off policy. For bad debts that have been written off, the Group continues to make its best effort to recover them.

10.2 Credit risk (continued)

(1) Credit risk measurement

The Group measures and manages the quality of its on-balance sheet and off-balance sheet financial assets exposed to credit risk in accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks (CBIRC and PBOC Order [2023] No. 1). The Rules on Risk Classification of Financial Assets of Commercial Banks require commercial banks to classify their financial assets by their risk level into five categories, namely Normal, Special-Mention, Substandard, Doubtful and Loss, with assets classified into the latter three categories collectively referred to as "non-performing assets". The Bank has also formulated the Administrative Measures for Risk Classification of Financial Assets of China Minsheng Banking Corporation Limited to guide its daily risk classification management of financial assets, and the Bank's classification of its financial assets complies with the Rules on Risk Classification of Financial Assets of Commercial Banks.

The core definitions for classification of financial assets in the Rules on Risk Classification of Financial Assets of Commercial Banks are as follows:

Normal:	The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.
Special-Mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have become credit impaired.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have become significantly credit impaired.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

10.2 Credit risk (continued)

(2) Risk limit control and mitigation policies

The Group exercises risk concentration management and controls over its counterparties, whether individuals or groups, and industries and geographical regions.

The Group has established relevant mechanisms to apply tiered management of credit risks and set limits to acceptable risks for different individual or group counterparties, different industries and geographical regions. The Bank monitors the risk status regularly and reviews their risk positions at least once a year.

Risk exposures to borrowers, including banks, are further classified into on – and off-balance sheet risk exposures, and controls have been applied to daily risk limits of each trading account. The Bank also monitors actual risk exposures on a daily basis in relation to corresponding risk limits.

The Group controls its credit risks through, among other necessary measures, regular analyses of a customer's ability to repay interest and principal, and making appropriate adjustments to credit lines.

Other specific control and mitigation measures include: measuring, evaluating, early warning, mitigating and controlling of large amount exposures of single and group customers in accordance with regulatory requirements, and preventing and controlling customer concentration risks.

(a) Collateral

The Group and its subsidiaries have individually established a range of risk management policies and adopted different methods to mitigate credit risk. Critical methods for the Group to control its credit risks include acquiring collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

– Real estate and land use rights

– Financial instruments such as time deposits, debt securities and equities.

– Trade receivables, rent receivables and various rights to receive payments

– Mining rights and machinery

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will seek additional collaterals from counterparties/ require additional guarantors or squeeze the credit exposure.

Collateral held as security for financial assets other than loans and accounts receivable is determined by the instruments' nature. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

10.2 Credit risk (continued)

(2) Risk limit control and mitigation policies (continued)

(b) Derivative instruments

The credit risk of derivative financial instruments comes from the counterparty credit risk that the Bank faces during transactions with counterparties who fail to fulfill their obligations. The Bank manages the counterparty credit risk of derivative financial instruments through credit limits or other credit risk mitigation measures. The Bank incorporates counterparties' credit limits into the bank-wide unified credit management system and sets credit limits in the management system to monitor credit limits. To reduce the credit risk of derivative financial instruments, the Bank also adopts measures such as margin requirements, participation in central counterparty clearing, etc.

(c) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit, which represent irrevocable commitments that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. In some cases, guarantee deposits are received by the Group to lessen the credit risks related to such commitments. The Group's potential amount of credit risk exposure is equivalent to the total amount of credit commitments.

Loan commitments and financial leasing commitments represent unused portions of credit commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(3) Expected Credit Loss ("ECL") measurement

According to the IFRS 9: Financial Instruments, the Group classifies its financial instruments into three stages for the purpose of ECL measurement and applies the ECL model to calculate credit loss provisions for on-balance sheet financial instruments that are exposed to credit risk and measured either at amortised cost or at fair value through other comprehensive income, such as loans, debt securities, balances with banks and other financial institutions, account receivables, lease receivables, and other debt investments, as well as off-balance sheet financial instruments that are exposed to credit risk, such as financial guarantee contracts and loan commitments.

The Group adopts the parameters-based approach and the discounted cash flow ("DCF") method to assess the expected credit losses of its financial assets. A parameters-based approach is applied to retail assets and Stage 1 and Stage 2 corporate financial assets, while the DCF method is applied to Stage 3 corporate financial assets.

The Group regularly reviews and optimizes its expected credit loss model, and makes timely updates to the forward-looking information and relevant parameters in accordance with the requirements of *Implementation Rules on Expected Credit Loss Approach of Commercial Banks* (CBIRC [2022] No.10) and internal relevant management system.

10.2 Credit risk (continued)

(3) Expected Credit Loss ("ECL") measurement (continued)

(a) Financial instrument risk stages

The Group applies a "three-stage model" for measuring expected credit loss for financial instruments based on changes in credit quality since initial recognition. The three stages are defined as follows:

Stage 1:	Financial instruments without significant increase in credit risk since initial recognition. For these assets, expected credit losses are recognised for the following 12 months.
Stage 2:	For financial instruments with significant increase in credit risk since initial recognition, expected credit losses are recognised for the remaining lifetime if there is no objective evidence of impairment.
Stage 3:	For financial assets with objective evidence of impairment as at the end of reporting period, expected credit losses are recognised for the remaining lifetime.

(b) Criteria for significant increases in credit risk ("SICR")

The Group assesses, at each reporting period end, whether or not the credit risk of relevant financial instruments has increased significantly since their initial recognition. In order to determine whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and supportable information that is available without undue cost or effort and sets qualitative and quantitative criteria accordingly. The quantitative criteria include overdue days of the principal or interest for more than 30 days, credit asset classified as special-mention, the absolute level or relative change of Probability of Default in excess of the preset thresholds, among others; and the qualitative criteria mainly cover the regulatory and business environments, the borrowers' repayment ability, borrowers' operation capability, borrowers' repayment behaviors, and forward-looking information, among others.

(c) Definition of credit-impaired financial asset

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

– The principal or interest of a financial asset is overdue for more than 90 days;

– Significant financial difficulty of the issuer or obligor;

– A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) Definition of credit-impaired financial asset (continued)

- The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the Group would not otherwise consider;
- The debtor will probably enter bankruptcy or another financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties faced by the issuer or debtor;
- The purchase or origination of a financial asset at a significant discount that reflects the fact of credit losses;
- Other objective evidence of financial asset impairment.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single event.

(d) Segmentation of risk exposures

For the purpose of expected credit loss measurement, the Group classifies exposures with similar credit risk characteristics into segmentation. The Group segments corporate financial assets mainly according to the borrower types and the industry in which they operate, and retail assets mainly according to product types, and the Group reviews the appropriates of its risk grouping and makes corrections to the grouping results on an annual basis.

(e) Parameters for ECL measurement

Except for credit-impaired financial assets, the Group recognised 12-month or lifetime ECL allowance by financial instrument according to whether there is a significant increase in credit risk. Expected credit losses are the product of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are defined as follows:

- PD represents the likelihood of a borrower to default on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. The PD is determined based on the adjusted results of the internal rating-based model, with forward-looking information incorporated, to reflect the borrower's point-in-time probability of default under the current macroeconomic environment;
- LGD is expressed as a percentage loss per unit of EAD. LGD varies by types of product and availability of collateral etc.;
- EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on principal, interest, off-balance sheet credit risk conversion factor etc., and may vary by product types.

10.2 Credit risk (continued)

(3) Expected Credit Loss ("ECL") measurement (continued)

(f) Forward-looking information incorporated in the ECL

The ECL calculation involves forward-looking information. Based on analysis of its historical data, the Group has identified key economic indicators relevant to expected credit losses, including the quarterly year-on-year (Y/Y) growth rates of Gross Domestic Product (GDP), Broad Money Supply (M2) and Consumer Price Index (CPI) respectively. The Group regularly evaluates the various indicators in the pool of macroeconomic indicators and selects the most relevant indicators for ECL calculation.

As at 30 June 2024, the Group has considered different macroeconomic scenarios, and the main economic indicators with predicted ranges in estimating ECL are set out as below:

Variables	**Range**
Quarterly Y/Y growth rate of GDP	3.4%~5.4%
Quarterly Y/Y growth rate of M2	7.9%~13.7%
Quarterly Y/Y growth rate of CPI	-0.3%~3.2%

The Group conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

The Group combines macro-economic data analysis and expert judgments to develop the positive, neutral and negative scenarios and determine their weightings, and estimates the expected credit losses in different scenarios to calculate the allowances for the weighted average ECLs. As at 30 June 2024 and 31 December 2023, the positive, neutral and negative scenarios had similar weightings.

(g) Cash flow forecasts for Stage 3 corporate financial assets

The Group uses the DCF method to measure the expected credit losses of Stage 3 corporate financial assets. The DCF method estimates the expected credit losses based on regular forecasts of future cash flows. At each measurement date, the Group estimates the future cash inflows of an asset for different future periods, and applies appropriate discount rates to the future cash flows to obtain their present value.

10.2 Credit risk (continued)

(4) Maximum credit risk exposure

The following table presents the Group's maximum exposure to credit risk as at the end of the reporting period without considering any collateral held or other credit enhancements, which is represented by the carrying amount of each type of financial assets after deducting any impairment allowance.

	30 June 2024	31 December 2023
Balances with central bank	**283,484**	383,365
Balances with banks and other financial institutions	**66,046**	129,678
Placements with banks and other financial institutions	**177,130**	172,778
Derivative financial assets	**20,352**	24,797
Financial assets held under resale agreements	**21,163**	35,773
Loans and advances to customers	**4,364,821**	4,323,908
Financial investments		
– Financial assets at fair value through profit or loss	**178,106**	165,173
– Financial assets measured at amortised cost	**1,526,370**	1,531,024
– Financial assets at fair value through other comprehensive income	**413,768**	412,100
Long-term receivables	**123,042**	119,434
Other financial assets	**35,016**	30,608
Total	**7,209,298**	7,328,638
Off-balance sheet credit commitments	**1,269,632**	1,279,620
Maximum credit risk exposure	**8,478,930**	8,608,258

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(5) Analysis on the credit quality of financial instruments

(a) As at 30 June 2024, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	**283,484**	**–**	**–**	**283,484**	**–**	**–**	**–**	**–**
Balances with banks and other financial institutions	**66,048**	**–**	**–**	**66,048**	**(2)**	**–**	**–**	**(2)**
Placements with banks and other financial institutions	**177,549**	**–**	**1,193**	**178,742**	**(419)**	**–**	**(1,193)**	**(1,612)**
Financial assets held under resale agreements	**20,724**	**–**	**457**	**21,181**	**–**	**–**	**(18)**	**(18)**
Loans and advances to customers								
– Corporate loans and advances	**2,491,336**	**158,455**	**57,379**	**2,707,170**	**(18,123)**	**(17,612)**	**(25,866)**	**(61,601)**
– Personal loans and advances	**1,693,428**	**30,668**	**29,756**	**1,753,852**	**(7,621)**	**(6,910)**	**(20,736)**	**(35,267)**
Financial investments	**1,909,857**	**7,095**	**34,750**	**1,951,702**	**(2,301)**	**(469)**	**(10,812)**	**(13,582)**
Long-term receivables	**111,312**	**8,529**	**6,076**	**125,917**	**(784)**	**(369)**	**(1,722)**	**(2,875)**
Off-balance sheet credit commitments	**1,265,316**	**4,315**	**1**	**1,269,632**	**(975)**	**(55)**	**–**	**(1,030)**

(b) As at 31 December 2023, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	383,365	–	–	383,365	–	–	–	–
Balances with banks and other financial institutions	129,682	–	–	129,682	(4)	–	–	(4)
Placements with banks and other financial institutions	173,098	–	1,193	174,291	(537)	–	(976)	(1,513)
Financial assets held under resale agreements	35,364	–	435	35,799	(1)	–	(25)	(26)
Loans and advances to customers								
– Corporate loans and advances	2,439,174	150,250	59,039	2,648,463	(18,374)	(18,204)	(26,816)	(63,394)
– Personal loans and advances	1,712,002	33,255	26,981	1,772,238	(7,858)	(7,220)	(18,972)	(34,050)
Financial investments	1,912,187	5,125	36,022	1,953,334	(2,793)	(406)	(9,187)	(12,386)
Long-term receivables	107,995	7,909	6,309	122,213	(707)	(436)	(1,636)	(2,779)
Off-balance sheet credit commitments	1,273,665	5,939	16	1,279,620	(1,065)	(146)	(1)	(1,212)

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(6) Loans and advances to customers

(a) The credit risk stages of loans and advances to customers (excluding interest accrued) are as following:

	30 June 2024	31 December 2023
Stage 1		
Unsecured loans	**1,256,632**	1,207,124
Guaranteed loans	**792,024**	737,403
Loans secured by		
Tangible assets other than monetary assets	**1,622,009**	1,627,683
Monetary assets	**497,370**	562,834
Subtotal	**4,168,035**	4,135,044
Stage 2		
Unsecured loans	**19,399**	23,083
Guaranteed loans	**21,011**	23,835
Loans secured by		
Tangible assets other than monetary assets	**91,569**	85,945
Monetary assets	**36,196**	31,075
Subtotal	**168,175**	163,938
Stage 3		
Unsecured loans	**20,068**	19,193
Guaranteed loans	**17,025**	13,303
Loans secured by		
Tangible assets other than monetary assets	**43,283**	43,551
Monetary assets	**6,641**	9,848
Subtotal	**87,017**	85,895
Total	**4,423,227**	4,384,877
Credit-impaired loans secured by collateral	**25,337**	21,649

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(6) Loans and advances to customers (continued)

(b) Loans and advances to customers (excluding interest accrued) analysed by industries are as following:

	30 June 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Corporate loans and advances				
Leasing and commercial services	**551,841**	**12.47**	556,874	12.70
Manufacturing	**505,553**	**11.43**	465,092	10.61
Real estate	**340,400**	**7.69**	346,298	7.90
Wholesale and retail	**302,001**	**6.83**	286,014	6.52
Water, environment and public utilities management	**172,905**	**3.91**	170,648	3.89
Transportation, storage and postal services	**168,471**	**3.81**	168,187	3.84
Financial services	**147,281**	**3.33**	165,194	3.77
Production and supply of electric power, heat, gas and water	**138,355**	**3.13**	130,512	2.98
Construction	**130,797**	**2.96**	119,477	2.72
Mining	**66,139**	**1.49**	69,034	1.57
Information transmission, software and IT services	**42,630**	**0.96**	42,602	0.97
Scientific research and technical service	**30,405**	**0.69**	22,216	0.50
Agriculture, forestry, animal husbandry and fishery	**21,993**	**0.50**	21,376	0.49
Others	**54,826**	**1.24**	53,831	1.23
Subtotal	**2,673,597**	**60.44**	2,617,355	59.69
Personal loans and advances	**1,749,630**	**39.56**	1,767,522	40.31
Total	**4,423,227**	**100.00**	4,384,877	100.00

10.2 Credit risk (continued)

(6) Loans and advances to customers (continued)

(c) Loans and advances to customers (excluding interest accrued) by geographical area are as following:

	30 June 2024		31 December 2023	
	Amount	**(%)**	Amount	(%)
Head Office	**480,433**	**10.86**	492,829	11.24
Yangtze River Delta	**1,136,666**	**25.70**	1,125,915	25.68
Pearl River Delta	**712,879**	**16.12**	689,726	15.73
Bohai Rim	**681,068**	**15.40**	701,020	15.99
Western Region	**666,740**	**15.07**	660,499	15.06
Central Region	**527,173**	**11.92**	509,089	11.61
Northeastern Region	**98,690**	**2.23**	100,418	2.29
Overseas and subsidiaries	**119,578**	**2.70**	105,381	2.40
Total	**4,423,227**	**100.00**	4,384,877	100.00

(7) Rescheduled loans and advances

Rescheduled loans and advances to customers are those loans and advances for which, due to financial difficulties on the part of the borrowers, the Group has made modifications to the contract terms that are favorable to the borrowers, or has entered into refinancing arrangements with the borrowers, including borrowing for repaying or additional debt financing, etc., to facilitate the borrowers to meet their repayment obligations. As at 30 June 2024, the amount of the Group's rescheduled loans and advances to customers is RMB26,057 million (31 December 2023: RMB22,958 million).

Rescheduled loans and advances which were not past due or past due for no more than 90 days are as follows:

	30 June 2024	31 December 2023
Loans and advances to customers	**15,336**	10,199
Ratio of total loans and advances to customers (%)	**0.35**	0.23

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(8) Distribution of debt instruments analysed by issuers and rating

The ratings are obtained from Standard & Poor's ratings, or major rating agencies where the issuers of the debt securities are located.

	30 June 2024					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	26,589	–	–	–	–	26,589
– Corporates	5,933	–	–	–	130	6,063
Gross balance	32,522	–	–	–	130	32,652
Interest accrued						2,098
Less: Allowance for impairment losses of financial assets measured at amortised cost						(9,464)
Subtotal						25,286
Not impaired						
– Government	913,756	406,512	10,101	–	–	1,330,369
– Policy banks	144,187	–	–	714	–	144,901
– Banks and non-bank financial institutions	115,997	114,596	3,526	22,023	12,459	268,601
– Corporates	113,129	171,966	14,497	16,219	15,040	330,851
Gross balance	1,287,069	693,074	28,124	38,956	27,499	2,074,722
Interest accrued						20,336
Less: Allowance for impairment losses of financial assets measured at amortised cost						(2,100)
Subtotal						2,092,958
Total						2,118,244

10 FINANCIAL RISK MANAGEMENT (continued)

10.2 Credit risk (continued)

(8) Distribution of debt instruments analysed by issuers and rating (continued)

	31 December 2023					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	29,010	–	–	–	12	29,022
– Corporates	4,134	–	–	–	740	4,874
Gross balance	33,144	–	–	–	752	33,896
Interest accrued						2,126
Less: Allowance for impairment losses of financial assets measured at amortised cost						(7,854)
Subtotal						28,168
Not impaired						
– Government	884,983	377,417	5,145	2,269	–	1,269,814
– Policy banks	142,368	10	–	948	–	143,326
– Banks and non-bank financial institutions	55,027	169,880	3,645	24,516	16,720	269,788
– Corporates	84,949	227,347	32,774	13,393	18,954	377,417
Gross balance	1,167,327	774,654	41,564	41,126	35,674	2,060,345
Interest accrued						22,140
Less: Allowance for impairment losses of financial assets measured at amortised cost						(2,356)
Subtotal						2,080,129
Total						2,108,297

(a) Unrated debt investments held by the Group mainly include bonds issued by the PRC government, trust and asset management plans, bonds issued by corporates and bonds issued by policy banks, etc..

(b) Credit-impaired debt instruments of banks and non-bank financial institutions mainly include trust and asset management plans, of which the underlying debtors are corporates.

10.2 Credit risk (continued)

(9) Investments classified as trust and asset management plans analysed by type of underlying assets

	30 June 2024	31 December 2023
Trust and asset management plans		
Credit assets	**28,005**	30,482
Bonds and others	**19,007**	17,185
Total	**47,012**	47,667

The Group includes trust and asset management plans into comprehensive credit management system and manages its credit risk exposure in a holistic manner. The different methods to mitigate credit risk exposures in trust and assets management plan include guarantees, collaterals and pledges.

10.3 Market risk

The Group is exposed to market risk, which is the risk of loss to its on – and off-balance sheet businesses caused by unfavourable changes in market prices (interest rates, exchange rates, and stock and commodity prices). Market risk includes interest rate risk, exchange rate (including gold bullion) risk, equity price risk and commodity price risk, arising from adverse movements in interest rates, exchange rates, stock prices and commodity price, respectively.

The market risk faced by the Group mainly arises from the Bank's business activities. The Bank and its subsidiaries independently manage their own market risk.

The Bank distinguishes between banking books and trading books in accordance with requirements of regulatory authorities and the general practices of the banking industry, and adopts different methods to identify, measure, monitor and control their respective market risks based on the nature and characteristics of banking and trading books.

Trading books refer to the financial instruments, foreign exchange and commodities positions which could be traded freely. They are held by the Bank for trading or hedging against other risks in the trading book. Positions in the trading book must not be subject to any trading restrictions, or be able to fully hedge against the risks. These positions must also be valued accurately and managed proactively as well. In contrast, the Bank's other businesses are included in the banking books.

10.3 Market risk (continued)

(1) Market risk measurement techniques

The Bank selects appropriate and generally accepted measurement methods for the different types of market risks in its banking books and trading books based on actual needs of the business.

In accordance with regulatory requirements and in response to interest rate risk of the banking books, the Bank develops measurement methods that are appropriate for the size and structure of its assets and liabilities, and performs quantitative assessment of the impact of interest rate changes on the Bank's banking book net interest income and economic value by adopting methods such as gap analysis, net interest income simulation analysis, and economic value simulation analysis.

Interest rate risk of the trading books are measured by using methods such as duration analysis, scenario analysis, sensitivity analysis and value at risk (VaR).

Exchange rate risks of the banking books include exposure in foreign exchange settlement and sales, foreign currency capital funds, loss in foreign currency profits due to settlement of foreign exchange, and shrinking of foreign currency assets compared to the local currency. The Bank assesses the impact of future exchange rate risk based on the exchange rate tendency and the future changes in the Bank's asset and liability portfolios.

Exchange rate risk of trading books arises from currency exposure conducted for customers, market making, proprietary trading, foreign exchange and foreign exchange derivative financial instrument transactions for the purpose of obtaining spreads or locking in arbitrage. The Bank measures exchange rate risk indicators through the identification of exchange rate risk factors and comprehensively evaluates the impact of changes in risk factors on each portfolio, product category and the Bank's profit and loss situation.

The Bank is fully aware of the pros and cons of different methods for measurement of market risks, and therefore adopts other methods, such as stress tests, for complementation. Stress scenarios applied to market risk stress testing include expert scenarios, historical scenarios, and hybrid scenarios.

(2) Currency risk

Currency risk refers to the foreign exchange and foreign exchange derivatives positions, the risk of losses of banks arise from adverse changes of exchange rate. The Group uses RMB as its bookkeeping currency, and the Group's assets and liabilities are denominated in RMB, and the rest are mainly US dollars and Hong Kong dollars.

The Group manages the exchange rate risk by controlling each currency exposure limits and total exposure.

The Group manages the currency risk in the frame of the exposure limit by daily monitoring, reporting and analysing.

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(2) Currency risk (continued)

The following tables present the Group's foreign exchange risk exposures as at the end of the reporting period. The carrying values of assets and liabilities denominated in foreign currencies have been converted into RMB.

	30 June 2024				
	RMB	**USD**	**HKD**	**Others**	**Total**
Assets:					
Cash and balances with central bank	**283,737**	**4,852**	**324**	**223**	**289,136**
Balances with banks and other financial institutions	**36,090**	**25,439**	**1,735**	**2,782**	**66,046**
Placements with banks and other financial institutions	**154,739**	**18,506**	**3,466**	**419**	**177,130**
Financial assets held under resale agreements	**21,163**	**–**	**–**	**–**	**21,163**
Loans and advances to customers	**4,212,216**	**92,942**	**37,389**	**22,274**	**4,364,821**
Financial investments	**2,143,235**	**108,924**	**6,315**	**15,962**	**2,274,436**
Long-term receivables	**106,126**	**16,916**	**–**	**–**	**123,042**
Other assets	**160,158**	**43,311**	**898**	**30,872**	**235,239**
Total assets	**7,117,464**	**310,890**	**50,127**	**72,532**	**7,551,013**
Liabilities:					
Borrowings from central bank	**296,279**	**–**	**–**	**–**	**296,279**
Deposits and placements from banks and other financial institutions	**1,069,971**	**82,571**	**13,367**	**16,392**	**1,182,301**
Borrowings from banks and other financial institutions	**80,996**	**36,675**	**1,180**	**–**	**118,851**
Financial assets sold under repurchase agreements	**162,350**	**8,067**	**3,356**	**2,501**	**176,274**
Deposits from customers	**3,925,448**	**177,391**	**19,499**	**15,196**	**4,137,534**
Debt securities issued	**855,678**	**–**	**–**	**–**	**855,678**
Lease liabilities	**9,201**	**–**	**121**	**–**	**9,322**
Other liabilities	**137,239**	**20,062**	**2,699**	**5,132**	**165,132**
Total liabilities	**6,537,162**	**324,766**	**40,222**	**39,221**	**6,941,371**
Net position	**580,302**	**(13,876)**	**9,905**	**33,311**	**609,642**
Foreign currency derivatives	**56,596**	**(33,437)**	**(15,805)**	**(6,918)**	**436**
Off-balance sheet credit commitments	**1,223,505**	**39,701**	**3,577**	**2,849**	**1,269,632**

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(2) Currency risk (continued)

	31 December 2023				
	RMB	USD	HKD	Others	Total
Assets:					
Cash and balances with central bank	352,299	37,584	286	198	390,367
Balances with banks and other financial institutions	60,976	18,731	2,417	47,554	129,678
Placements with banks and other financial institutions	154,348	15,767	1,996	667	172,778
Financial assets held under resale agreements	35,773	–	–	–	35,773
Loans and advances to customers	4,171,618	96,216	35,541	20,533	4,323,908
Financial investments	2,140,966	109,853	6,594	14,729	2,272,142
Long-term receivables	102,608	16,826	–	–	119,434
Other assets	160,120	41,659	802	28,304	230,885
Total assets	7,178,708	336,636	47,636	111,985	7,674,965
Liabilities:					
Borrowings from central bank	326,454	–	–	–	326,454
Deposits and placements from banks and other financial institutions	1,127,986	83,835	16,994	13,244	1,242,059
Borrowings from banks and other financial institutions	76,798	35,854	3,063	–	115,715
Financial assets sold under repurchase agreements	178,632	10,227	1,913	361	191,133
Deposits from customers	4,164,357	159,474	19,084	10,366	4,353,281
Debt securities issued	675,614	212	–	–	675,826
Lease liabilities	9,409	–	151	–	9,560
Other liabilities	111,001	10,814	1,290	31	123,136
Total liabilities	6,670,251	300,416	42,495	24,002	7,037,164
Net position	508,457	36,220	5,141	87,983	637,801
Foreign currency derivatives	66,000	(33,807)	(11,776)	(20,421)	(4)
Off-balance sheet credit commitments	1,239,280	34,165	2,380	3,795	1,279,620

10.3 Market risk (continued)

(2) Currency risk (continued)

The Group conducts sensitivity analysis on the net foreign currency position to identify the impact on the income statement of potential movements in foreign currency exchange rates against the RMB. As at 30 June 2024, assuming other variables remain unchanged, with 1% appreciation of the US dollar against the RMB would decrease both the Group's net profit and equity by RMB201 million (31 December 2023 with 1% appreciation increase by RMB475 million); with 1% depreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB201 million (31 December 2023: decrease by RMB475 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities that contains the following assumptions:

a. The sensitivity of each type of exchange rate refers to the exchange gain or loss caused by a fluctuation in the absolute value of closing foreign currency rate by 1% against the RMB's average rate on the reporting date;

b. The fluctuation of exchange rates by 1% is based on the assumption of exchange rates movement from the current reporting date to the next reporting date;

c. The fluctuation of exchange rates for all foreign currencies represents the fluctuation of exchange rates in US dollars and other foreign currencies against RMB in the same direction simultaneously. Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars, other foreign currencies are converted into US dollars through sensitivity analysis;

d. The foreign exchange exposures calculated includes spot and forward foreign exchange exposures and swaps, etc.;

e. Other variables (including interest rates) remained unchanged; and

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

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

10.3 Market risk (continued)

(3) Interest rate risk

Interest rate risk refers to the adverse changes of the level of interest rate, term structure and other factors, which lead to loss on the economic value and bank revenue. Interest rate risk include gap risk, basis risk and option risk, and the gap risk and basis risk are the main sources of risk for the Group.

(a) The trading books

The adverse changes due to the interest rate risk of the trading books related to the financial instruments and commodity positions will cause loss for trading books. The scope of managing interest rate risk of the trading books covers all products and businesses that are sensitive to changes in interest rates, including domestic and foreign currency bond investments, money market transactions, interest rate derivatives, foreign exchange derivatives, precious metal derivatives, and complex derivatives, etc.

The Group mainly uses indicators for scale size, profit and loss indicators, valuation, sensitivity analysis, VaR analysis, duration analysis, stress testing and other methods to quantitatively analyze interest rate risk, and incorporates market risk measurement models into daily risk management.

The Group sets risk limits such as interest rate sensitivity, duration, exposure, and loss limits to effectively control the interest rate risk of the trading books, and manages the interest rate risk within exposure limit through daily monitoring.

(b) The banking books

The primary techniques applied by the Group in measuring and analysing interest rate risk are mainly scenario analyses, repricing gap analyses, valuation analyses, sensitivity analyses, duration analyses and stress testing. The Group manages the interest rate risk using the framework of exposure limit by periodically monitoring and reporting.

The Group strengthens interest rate risk management in the banking book by setting risk limits such as duration and valuation loss tolerance. The Group closely monitors trends of interest rate changes for both RMB and foreign currencies, follows market interest rate changes, performs scenario analyses and stress tests on a regular basis, and adjusts asset and liability repricing maturity strategy and manage interest rate risk.

10.3 Market risk (continued)

(3) Interest rate risk (continued)

The following tables present the Group's exposure to interest rate risk, indicating net carrying amounts of assets and liabilities based on their contractual repricing dates or maturity dates whichever are earlier.

	30 June 2024						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	283,370	–	–	–	–	5,766	289,136
Balances with banks and other financial institutions	49,807	4,850	9,510	1,771	6	102	66,046
Placements with banks and other financial institutions	26,499	19,680	115,383	15,215	–	353	177,130
Financial assets held under resale agreements	21,134	–	–	–	–	29	21,163
Loans and advances to customers	588,474	793,413	2,059,937	725,028	160,174	37,795	4,364,821
Financial investments	95,293	84,696	290,403	1,061,352	555,770	186,922	2,274,436
Long-term receivables	19,287	10,358	46,845	42,433	4,119	–	123,042
Other assets	–	338	23	48	–	234,830	235,239
Total assets	1,083,864	913,335	2,522,101	1,845,847	720,069	465,797	7,551,013
Liabilities:							
Borrowings from central bank	5,258	53,353	233,547	–	–	4,121	296,279
Deposits and placements from banks and other financial institutions	692,171	346,100	137,685	–	–	6,345	1,182,301
Borrowings from banks and other financial institutions	33,223	19,653	59,331	5,389	404	851	118,851
Financial assets sold under repurchase agreements	115,792	28,460	31,784	–	–	238	176,274
Deposits from customers	1,877,121	276,608	861,919	1,049,060	24	72,802	4,137,534
Debt securities issued	60,737	189,696	542,810	60,884	–	1,551	855,678
Lease liabilities	211	467	2,098	5,533	1,013	–	9,322
Other liabilities	57,030	243	2,240	–	–	105,619	165,132
Total liabilities	2,841,543	914,580	1,871,414	1,120,866	1,441	191,527	6,941,371
Interest rate gap	(1,757,679)	(1,245)	650,687	724,981	718,628	274,270	609,642

10 FINANCIAL RISK MANAGEMENT (continued)

10.3 Market risk (continued)

(3) Interest rate risk (continued)

	31 December 2023						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	383,233	–	–	–	–	7,134	390,367
Balances with banks and other financial institutions	115,119	5,719	7,065	1,567	85	123	129,678
Placements with banks and other financial institutions	26,141	26,616	71,398	48,227	–	396	172,778
Financial assets held under resale agreements	35,434	300	–	–	–	39	35,773
Loans and advances to customers	792,629	711,038	1,850,375	776,058	157,984	35,824	4,323,908
Financial investments	89,858	147,604	324,086	996,360	518,235	195,999	2,272,142
Long-term receivables	18,054	8,370	44,018	44,041	4,951	–	119,434
Other assets	211	29	183	30	–	230,432	230,885
Total assets	1,460,679	899,676	2,297,125	1,866,283	681,255	469,947	7,674,965
Liabilities:							
Borrowings from central bank	10,013	68,923	244,539	–	–	2,979	326,454
Deposits and placements from banks and other financial institutions	574,151	281,427	380,004	–	–	6,477	1,242,059
Borrowings from banks and other financial institutions	26,396	32,744	50,883	4,502	422	768	115,715
Financial assets sold under repurchase agreements	133,326	21,316	36,139	–	–	352	191,133
Deposits from customers	2,198,701	333,487	692,635	1,057,624	556	70,278	4,353,281
Debt securities issued	33,723	177,805	323,222	47,576	89,992	3,508	675,826
Lease liabilities	230	362	2,153	5,608	1,207	–	9,560
Other liabilities	67	1,053	985	–	–	121,031	123,136
Total liabilities	2,976,607	917,117	1,730,560	1,115,310	92,177	205,393	7,037,164
Interest rate gap	(1,515,928)	(17,441)	566,565	750,973	589,078	264,554	637,801

10.3 Market risk (continued)

(3) Interest rate risk (continued)

If yield curves for respective currencies move in parallel for 100 basis points at the end of the reporting period, their potential impact on the Group's net interest income and shareholders' equity for the following 12 months is as follows:

	30 June 2024	31 December 2023
	(Loss)/Gain	(Loss)/Gain
Up 100 bps parallel shift in yield curves	**(10,811)**	(8,469)
Down 100 bps parallel shift in yield curves	**10,811**	8,469

In performing the interest rate sensitivity analysis, the Group and the Bank has made general assumptions in defining business terms and financial parameters, but have not considered the following:

a. business changes after the end of the reporting period, as the analysis is performed based on the static gap at the end of the reporting period;

b. the impact of interest rate fluctuations on customers' behaviour;

c. the complicated relationship between complex structured products (e.g. embedded call options and other derivative financial instruments) and interest rate fluctuations;

d. the impact of interest rate fluctuations on market prices;

e. the impact of interest rate fluctuations on off-balance sheet products;

f. the impact of interest rate fluctuations on fair value of financial instruments;

g. other variables (including foreign exchange rate); and

h. other risk management measures in the Group.

10.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations.

During the reporting period, the Bank's subsidiaries manage their respective liquidity risks according to the Group's liquidity risk management framework, and the Bank manages the liquidity risk of all its branches and business lines.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, loan drawdowns, guarantees and other calls on cash-settled derivatives. The Bank does not maintain cash resources to meet all these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

10.4 Liquidity risk (continued)

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the full amounts under commitments, because the Bank does not generally expect the third party to fully draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

(1) Liquidity risk management policy

The Bank and its subsidiaries separately and independently develop their liquidity risk management policies.

The Board of Directors is ultimately responsible for liquidity risk management including reviewing and approving liquidity risk appetite, liquidity risk management strategy, major policies and procedures. The Bank's senior management is responsible for formulating liquidity risk management policies according to the development strategy of the Bank. The Asset and Liability and Financial Management Department is responsible for the daily liquidity risk management through the following procedures:

To manage the day-to-day position through monitoring the future cash flow to ensure it meets the required fund position, including matured deposits and replenishment of funds for loan demand. The Bank actively participates in global money market transactions to ensure that the Bank's funding requirements are satisfied;

To set ratio requirements and transactions limits to help monitor and manage liquidity risks. The ratios include but are not limited to liquidity coverage ratios, liquidity ratios, net stable funding ratios and liquidity matching rate;

To measure and monitor cash flows through the Bank's asset and liabilities management system, and perform liquidity scenario analyses and stress testing on overall assets and liabilities to satisfy internal and external requirements. Various techniques are used to estimate the Bank's liquidity requirements, and liquidity risk management decisions are made based on the estimated liquidity requirements and within respective terms of reference. A periodical reporting system is established to promptly update senior management on latest liquidity risk information;

To monitor the maturity concentration risk of financial assets and hold an appropriate quantity of high-liquidity and high-market-value assets to ensure the Bank is well positioned to fund its repayment obligations and business growth in the event of an interruption of cash flows due to whatever causes.

10.4 Liquidity risk (continued)

(2) Maturity analysis

The following tables present the maturity analysis of assets and liabilities of the Group as at the end of the reporting period. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than one month, and also equity investments and fund investments in financial investment; and repayable on demand with respect to loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than one month.

	30 June 2024							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	251,464	37,672	–	–	–	–	–	289,136
Balances with banks and other financial institutions	–	43,148	5,700	4,865	9,543	2,784	6	66,046
Placements with banks and other financial institutions	–	–	26,668	19,833	115,414	15,215	–	177,130
Financial assets held under resale agreements	439	–	20,724	–	–	–	–	21,163
Loans and advances to customers	52,920	12,436	349,569	298,111	1,306,507	1,207,664	1,137,614	4,364,821
Financial investments	192,400	–	75,847	78,977	287,477	1,078,412	561,323	2,274,436
Long-term receivables	6,271	2,403	4,700	8,778	39,908	55,717	5,265	123,042
Other assets	184,636	925	11,339	5,463	17,310	13,816	1,750	235,239
Total assets	688,130	96,584	494,547	416,027	1,776,159	2,373,608	1,705,958	7,551,013
Liabilities:								
Borrowings from central bank	–	–	5,327	54,407	236,545	–	–	296,279
Deposits and placements from banks and other financial institutions	–	465,255	231,443	347,619	137,984	–	–	1,182,301
Borrowings from banks and other financial institutions	–	–	21,021	16,895	62,268	15,090	3,577	118,851
Financial assets sold under repurchase agreements	–	–	115,909	28,558	31,807	–	–	176,274
Deposits from customers	–	1,743,800	164,703	278,260	873,672	1,077,075	24	4,137,534
Debt securities issued	–	50	60,786	189,723	544,235	60,884	–	855,678
Lease liabilities	–	–	211	467	2,098	5,533	1,013	9,322
Other liabilities	1,947	16,354	91,816	20,225	20,761	12,068	1,961	165,132
Total liabilities	1,947	2,225,459	691,216	936,154	1,909,370	1,170,650	6,575	6,941,371
Net position	686,183	(2,128,875)	(196,669)	(520,127)	(133,211)	1,202,958	1,699,383	609,642
Notional amount of derivatives	–	–	796,825	891,439	2,262,398	928,074	4,306	4,883,042

10.4 Liquidity risk (continued)

(2) Maturity analysis (continued)

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,921	5,306	5,729	7,070	1,567	85	129,678
Placements with banks and other financial institutions	217	–	26,028	26,743	71,520	48,270	–	172,778
Financial assets held under resale agreements	432	–	35,040	301	–	–	–	35,773
Loans and advances to customers	50,052	9,377	372,788	313,879	1,260,862	1,204,067	1,112,883	4,323,908
Financial investments	192,027	–	56,271	139,940	316,281	1,043,099	524,524	2,272,142
Long-term receivables	5,242	1,198	4,715	9,261	37,843	55,852	5,323	119,434
Other assets	178,662	618	11,284	10,229	17,390	11,178	1,524	230,885
Total assets	719,292	218,821	511,432	506,082	1,710,966	2,364,033	1,644,339	7,674,965
Liabilities:								
Borrowings from central bank	–	–	10,269	70,450	245,735	–	–	326,454
Deposits and placements from banks and other financial institutions	–	450,230	128,399	282,733	380,697	–	–	1,242,059
Borrowings from banks and other financial institutions	–	–	21,102	22,674	58,122	11,860	1,957	115,715
Financial assets sold under repurchase agreements	–	–	133,431	21,384	36,318	–	–	191,133
Deposits from customers	–	2,041,989	192,282	339,835	703,849	1,074,916	410	4,353,281
Debt securities issued	–	–	33,723	179,346	325,189	47,576	89,992	675,826
Lease liabilities	–	–	230	362	2,153	5,608	1,207	9,560
Other liabilities	2,178	10,448	14,081	61,728	20,064	12,748	1,889	123,136
Total liabilities	2,178	2,502,667	533,517	978,512	1,772,127	1,152,708	95,455	7,037,164
Net position	717,114	(2,283,846)	(22,085)	(472,430)	(61,161)	1,211,325	1,548,884	637,801
Notional amount of derivatives	–	–	751,399	946,685	1,952,414	889,620	2,370	4,542,488

10.4 Liquidity risk (continued)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities

The following tables present the analysis of the undiscounted contractual cash flows of the Group's non-derivative assets and liabilities as at the end of the reporting period. The Group manages its liquidity risk based on its estimation of expected future cash flows. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than 1 month, and also equity investments and fund investments in financial investments; and repayable on demand with respect to, loans and advances and long-term receivables refer to the unimpaired amounts of such assets that have been overdue for less than 1 month.

	30 June 2024							
	Indefinite	**Repayable on demand**	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Assets:								
Cash and balances with central bank	**251,464**	**37,672**	**–**	**–**	**–**	**–**	**–**	**289,136**
Balances with banks and other financial institutions	**–**	**43,154**	**5,702**	**4,871**	**9,605**	**2,784**	**6**	**66,122**
Placements with banks and other financial institutions	**1,193**	**–**	**27,270**	**20,498**	**115,895**	**15,575**	**–**	**180,431**
Financial assets held under resale agreements	**457**	**–**	**20,725**	**–**	**–**	**–**	**–**	**21,182**
Loans and advances to customers	**100,482**	**14,400**	**367,245**	**327,590**	**1,415,442**	**1,463,328**	**1,524,015**	**5,212,502**
Financial investments	**195,705**	**–**	**78,833**	**86,279**	**336,767**	**1,183,895**	**668,146**	**2,549,625**
Long-term receivables	**9,590**	**2,609**	**5,117**	**9,626**	**43,858**	**64,754**	**7,002**	**142,556**
Other assets	**184,636**	**925**	**6,213**	**1,766**	**7,643**	**12,067**	**1,637**	**214,887**
Total assets (expected maturity date)	**743,527**	**98,760**	**511,105**	**450,630**	**1,929,210**	**2,742,403**	**2,200,806**	**8,676,441**
Liabilities:								
Borrowings from central bank	**–**	**–**	**5,331**	**54,660**	**239,290**	**–**	**–**	**299,281**
Deposits and placements from banks and other financial institutions	**–**	**465,677**	**231,891**	**350,019**	**139,295**	**–**	**–**	**1,186,882**
Borrowings from banks and other financial institutions	**–**	**–**	**21,093**	**17,145**	**63,263**	**16,729**	**4,353**	**122,583**
Financial assets sold under repurchase agreements	**–**	**–**	**115,951**	**28,720**	**32,117**	**–**	**–**	**176,788**
Deposits from customers	**–**	**1,743,800**	**166,604**	**283,435**	**910,749**	**1,161,404**	**25**	**4,266,017**
Debt securities issued	**–**	**50**	**60,867**	**190,925**	**554,488**	**64,935**	**–**	**871,265**
Lease liabilities	**–**	**–**	**228**	**506**	**2,272**	**5,989**	**1,097**	**10,092**
Other liabilities	**1,947**	**16,354**	**84,443**	**13,062**	**11,541**	**11,096**	**1,941**	**140,384**
Total liabilities (contractual maturity date)	**1,947**	**2,225,881**	**686,408**	**938,472**	**1,953,015**	**1,260,153**	**7,416**	**7,073,292**

10.4 Liquidity risk (continued)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (continued)

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,925	5,322	5,833	7,184	1,567	85	129,916
Placements with banks and other financial institutions	1,193	–	26,666	27,901	73,815	49,066	–	178,641
Financial assets held under resale agreements	457	–	35,047	301	–	–	–	35,805
Loans and advances to customers	99,954	12,319	389,545	342,981	1,373,433	1,471,118	1,514,245	5,203,595
Financial investments	192,112	–	60,009	147,978	357,696	1,152,401	627,474	2,537,670
Long-term receivables	8,280	1,317	5,115	10,073	41,373	64,956	7,218	138,332
Other assets	183,277	618	6,524	1,707	8,975	9,083	1,443	211,627
Total assets (expected maturity date)	777,933	221,886	528,228	536,774	1,862,476	2,748,191	2,150,465	8,825,953
Liabilities:								
Borrowings from central bank	–	–	10,276	70,738	250,580	–	–	331,594
Deposits and placements from banks and other financial institutions	–	450,627	128,757	283,159	381,551	–	–	1,244,094
Borrowings from banks and other financial institutions	–	–	21,165	24,296	59,660	13,193	2,217	120,531
Financial assets sold under repurchase agreements	–	–	133,456	21,471	36,913	–	–	191,840
Deposits from customers	–	2,041,989	193,088	347,730	712,469	1,099,296	411	4,394,983
Debt securities issued	–	–	33,772	180,476	331,485	64,360	95,542	705,635
Lease liabilities	–	–	251	394	2,342	6,100	1,313	10,400
Other liabilities	2,178	10,448	7,896	49,716	10,569	11,174	1,879	93,860
Total liabilities (contractual maturity date)	2,178	2,503,064	528,661	977,980	1,785,569	1,194,123	101,362	7,092,937

10.4 Liquidity risk (continued)

(4) Analysis on contractual undiscounted cash flows of derivatives

(a) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Interest rate derivatives	Interest rate swaps
Credit derivatives	Credit default swaps

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a net basis as at the end of the reporting period.

	30 June 2024					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Foreign exchange derivatives	**(59)**	**241**	**1,279**	**47**	**–**	**1,508**
Interest rate derivatives	**253**	**163**	**992**	**558**	**9**	**1,975**
Credit derivatives	**28**	**–**	**28**	**192**	**–**	**248**
Total	**222**	**404**	**2,299**	**797**	**9**	**3,731**

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives	(168)	70	412	63	–	377
Interest rate derivatives	39	681	780	786	11	2,297
Credit derivatives	16	–	37	82	–	135
Total	(113)	751	1,229	931	11	2,809

(b) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Precious metal derivatives	Precious metal forwards and swaps

10 FINANCIAL RISK MANAGEMENT (continued)

10.4 Liquidity risk (continued)

(4) Analysis on contractual undiscounted cash flows of derivatives (continued)

(b) Derivatives settled on a gross basis (continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a gross basis as at the end of the reporting period.

	30 June 2024					
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Foreign exchange derivatives						
– Cash outflow	**(207,877)**	**(106,179)**	**(199,960)**	**(76,137)**	**–**	**(590,153)**
– Cash inflow	**207,588**	**106,020**	**198,757**	**76,716**	**–**	**589,081**
Precious metal derivatives						
– Cash outflow	**(47,046)**	**(39,442)**	**(37,690)**	**–**	**–**	**(124,178)**
– Cash inflow	**44,635**	**35,294**	**37,007**	**–**	**–**	**116,936**
Total cash outflow	**(254,923)**	**(145,621)**	**(237,650)**	**(76,137)**	**–**	**(714,331)**
Total cash inflow	**252,223**	**141,314**	**235,764**	**76,716**	**–**	**706,017**

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives						
– Cash outflow	(120,834)	(94,199)	(158,192)	(128,398)	–	(501,623)
– Cash inflow	120,784	93,355	158,387	128,716	–	501,242
Precious metal derivatives						
– Cash outflow	(25,222)	(23,262)	(28,125)	–	–	(76,609)
– Cash inflow	23,873	20,224	26,927	–	–	71,024
Total cash outflow	(146,056)	(117,461)	(186,317)	(128,398)	–	(578,232)
Total cash inflow	144,657	113,579	185,314	128,716	–	572,266

10.4 Liquidity risk (continued)

(5) Analysis on contractual undiscounted cash flows of commitments

Management treats contractual maturity as the best estimate for analysing liquidity risk of off-balance sheet items, unless an objective evidence of default is identified.

	30 June 2024			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Bank acceptances	**464,786**	**–**	**–**	**464,786**
Letters of credit	**113,274**	**461**	**–**	**113,735**
Guarantees	**97,233**	**38,189**	**1,206**	**136,628**
Unused credit card commitments	**510,741**	**–**	**–**	**510,741**
Irrevocable credit commitments	**31,003**	**10,622**	**2,117**	**43,742**
Total	**1,217,037**	**49,272**	**3,323**	**1,269,632**

	31 December 2023			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank acceptances	476,334	–	–	476,334
Letters of credit	106,523	507	–	107,030
Guarantees	86,733	43,912	351	130,996
Unused credit card commitments	514,685	–	–	514,685
Irrevocable credit commitments	35,731	11,177	3,667	50,575
Total	1,220,006	55,596	4,018	1,279,620

10.5 Operational risk

Operational risk refers to the risk of loss due to deficient and flawed internal procedures, personnel and information technology (IT) system, or external events. The operational risk the Group is exposed to mainly comprises internal and external fraud, employment practices and safety incidents in working places, events related to customers, products and business operations, damages of tangible assets, interruption of business, IT system incidents, and execution, delivery and process management incidents.

During the reporting period, the Bank continued to optimize its operational risk management system, improve the closed-loop management process, and promote the “Year for Strengthening Operational Risk Governance” initiative, which comprised various programs for operational risk reviews, assessments, rectifications and improvements. Other major efforts include: continuing to promote the implementation of standardized approach for operational risk, and preparation of operational risk capital measurement statements under the New Capital Rules; implementing the new mechanisms for outsourced risk control, further refining the scope of activities eligible for outsourcing, and dynamically updating the management standards for outsourced activities; and continuing to improve its business continuity management practices and capabilities, conducting special inspections of business continuity management, and organizing subject matter training on business continuity across the bank.

10.6 Country risk

The Group is exposed to country risk, which represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Group or otherwise leads to business losses or other losses to the Group in that country or region. The country risk results from the economic deterioration of a specific country or region, the political and social turmoil, the nationalization or expropriation of assets, the Government's refusal of debt redemption, the restriction of foreign currency, the currency depreciation, and so on.

The country risk faced by the Group mainly arises from overseas credit business, bond investment, bill business, interbank financing, financial derivative trading, offshore leasing business, investment banking business, securities investment and establishment of overseas institutions.

Country risk management is included in the comprehensive risk management system of the Group and serves the objective of business strategy of the Bank. The Group manages and controls country risk through a number of tools including risk assessment and rating, limit setting, monitoring, improvement to review procedures, and formulation of polices to accrue country risk reserve.

10.7 Capital management

In managing capital, the Group enhances capital budget, capital configuration and evaluation management, optimize business structure, promote capital utilization efficiency and create value, based on meeting regulatory requirements and raising risk resistance ability.

Starting from 1 January 2024, the Group computes the capital adequacy ratios in accordance with The Capital Rules for Commercial Banks (Provisional) and other relevant regulations. The on-balance sheet risk-weighted assets are measured by using different risk weights, which are determined in accordance with Appendix 2 and Appendix 3 of The Capital Rules for Commercial Banks (Provisional), and taking into account the risk mitigation effect provided by the qualified pledges or qualified guarantee entities. The off-balance sheet risk-weighted assets are measured by multiplying the nominal amounts with the credit conversion factors to come out the on-balance sheet assets equivalents, then applied same approach used for on-balance sheet assets for risk-weighted assets computation. Market risk-weighted assets are calculated by using the standardised approach. Operational risk-weighted assets are calculated by using basic indicator approach.

The Group's capital adequacy ratios are calculated in accordance with The Capital Rules for Commercial Banks (Provisional) and other relevant regulations. For the Group, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.75%, 8.75% and 10.75%, respectively.

10.7 Capital management (continued)

The Group's capital adequacy ratios are as below:

	30 June 2024	31 December 2023
Core tier-one capital adequacy ratio	**9.35%**	9.28%
Tier-one capital adequacy ratio	**10.32%**	10.95%
Capital adequacy ratio	**12.30%**	13.14%
Components of capital base		
Core tier-one capital:		
Share capital	**43,782**	43,782
Valid portion of capital reserve	**58,111**	58,149
Surplus reserve	**58,805**	58,805
General reserve	**95,391**	95,237
Retained earnings	**281,060**	271,645
Valid portion of non-controlling interests	**7,198**	8,053
Others	**3,992**	2,022
Core tier-one capital	**548,339**	537,693
Core tier-one capital deductions	**(6,647)**	(3,841)
Net core tier-one capital	**541,692**	533,852
Net other tier-one capital	**55,826**	96,036
Net tier-one capital	**597,518**	629,888
Tier-two capital:		
Valid portion of tier-two capital instruments issued and share premium	**79,993**	89,992
Surplus provision for loan impairment	**32,874**	33,388
Valid portion of non-controlling interests	**1,786**	2,148
Net tier-two capital	**114,653**	125,528
Net capital base	**712,171**	755,416
Credit risk-weighted assets	**5,449,014**	5,413,859
Market risk-weighted assets	**59,103**	65,225
Operational risk-weighted assets	**282,625**	270,988
Total risk-weighted assets	**5,790,742**	5,750,072

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.

Level 2: The debt securities classified as level 2 are RMB bonds and foreign currency bonds. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Other financial instruments classified as level 2 include derivative contracts, discounted bills and forfaiting, which are valued using discounted cash flow method and Blair-Scholes model, etc. All significant valuation parameters are obtained from observable market information.

Level 3: Financial instruments classified as level 3 include equity instruments and debt instruments, whose valuation involves one or more significant unobservable inputs, mainly including right of trust benefit, non-listed equities, subordinated tranches of asset-backed securities, convertible bonds, and asset management plans, etc. The valuation techniques used include discounted cash flow method, market approach and income approach, etc. Unobservable inputs for valuation models include discount rates and discounts for lack of marketability (DLOM), etc.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.1 Financial instruments recorded at fair value

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

	30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	**–**	**154,228**	**3,815**	**158,043**
Equity investments	**1,315**	**2,077**	**12,858**	**16,250**
Investment funds	**105,207**	**18,693**	**1,180**	**125,080**
Trust and asset management plans	**–**	**12,645**	**6,362**	**19,007**
Others	**5,833**	**706**	**1,055**	**7,594**
Financial assets at fair value through other comprehensive income				
Debt securities	**–**	**412,521**	**1,247**	**413,768**
Equity investments	**–**	**2,309**	**6,015**	**8,324**
Loans and advances to customers at fair value through other comprehensive income	**–**	**243,211**	**–**	**243,211**
Derivative financial assets				
Foreign exchange derivatives	**–**	**16,177**	**–**	**16,177**
Interest rate derivatives	**–**	**1,688**	**–**	**1,688**
Precious metal derivatives	**–**	**2,449**	**–**	**2,449**
Others	**–**	**38**	**–**	**38**
Total	**112,355**	**866,742**	**32,532**	**1,011,629**
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	**–**	**(14,514)**	**–**	**(14,514)**
Interest rate derivatives	**–**	**(615)**	**–**	**(615)**
Precious metal derivatives	**–**	**(9,619)**	**–**	**(9,619)**
Financial liabilities at fair value through profit or loss	**–**	**(57,542)**	**(332)**	**(57,874)**
Total	**–**	**(82,290)**	**(332)**	**(82,622)**

11.1 Financial instruments recorded at fair value (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	–	142,836	3,255	146,091
Equity investments	1,535	1,932	16,170	19,637
Investment funds	118,979	11,115	1,463	131,557
Trust and asset management plans	–	10,975	6,210	17,185
Others	3,979	202	1,896	6,077
Financial assets at fair value through other comprehensive income				
Debt securities	–	411,160	940	412,100
Equity investments	–	2,578	5,893	8,471
Loans and advances to customers at fair value through other comprehensive income	–	279,998	–	279,998
Derivative financial assets				
Foreign exchange derivatives	–	22,130	–	22,130
Interest rate derivatives	–	1,733	–	1,733
Precious metal derivatives	–	908	–	908
Others	–	26	–	26
Total	124,493	885,593	35,827	1,045,913
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	–	(22,011)	–	(22,011)
Interest rate derivatives	–	(676)	–	(676)
Precious metal derivatives	–	(6,585)	–	(6,585)
Others	–	(4)	–	(4)
Financial liabilities at fair value through profit or loss	–	(35,013)	(814)	(35,827)
Total	–	(64,289)	(814)	(65,103)

For equity instruments and debt instruments whose valuation involves one or more than one significant unobservable inputs, the fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.2 Movement in level 3 financial instruments measured at fair value

The following table shows the movement of level 3 financial instruments during the period:

	Six months ended 30 June 2024					
		Financial assets at fair value through other comprehensive income				
	Financial assets at fair value through profit or loss	Debt securities	Equity securities	Total	Financial assets at fair value through profit or loss liabilities	Total liabilities
As at 1 January 2024	**28,994**	**940**	**5,893**	**35,827**	**814**	**814**
Total gains/(losses)						
In profit or loss	**(2,619)**	**(103)**	**–**	**(2,722)**	**–**	**–**
In other comprehensive income	**–**	**(321)**	**122**	**(199)**	**–**	**–**
Purchase/transfer in	**1,565**	**759**	**–**	**2,324**	**–**	**–**
Settlement/transfer out	**(2,670)**	**(28)**	**–**	**(2,698)**	**(482)**	**(482)**
As at 30 June 2024	**25,270**	**1,247**	**6,015**	**32,532**	**332**	**332**
Total realised gains included in the consolidated statement of profit or loss	**245**	**–**	**–**	**245**	**–**	**–**
Total unrealised losses included in the consolidated statement of profit or loss	**(2,864)**	**(103)**	**–**	**(2,967)**	**–**	**–**

	Year ended 31 December 2023					
		Financial assets at fair value through other comprehensive income				
	Financial assets at fair value through profit or loss	Debt securities	Equity securities	Total	Financial assets at fair value through profit or loss liabilities	Total liabilities
As at 1 January 2023	29,338	841	5,261	35,440	270	270
Total gains/(losses)						
In profit or loss	(617)	(13)	–	(630)	–	–
In other comprehensive income	–	2	569	571	–	–
Purchase/transfer in	4,639	140	63	4,842	544	544
Settlement/transfer out	(4,366)	(30)	–	(4,396)	–	–
As at 31 December 2023	28,994	940	5,893	35,827	814	814
Total realised gains included in the consolidated statement of profit or loss	55	–	–	55	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(672)	(13)	–	(685)	–	–

11.3 Fair value of financial assets and liabilities not carried at fair value

The Group's financial assets and liabilities that are not measured at fair value mainly include cash and balances with central bank, balances with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers measured at amortised cost, financial investments measured at amortised cost, long-term receivables, borrowings from central bank, placements from banks and other financial institutions, borrowings from banks and other financial institutions, deposits from customers, debt securities issued, and financial assets held under resale agreements and sold under repurchase agreements.

Except for loans and advances measured at amortised cost, financial investments measured at amortised cost and debt securities issued, the majority of financial assets and financial liabilities not carried at fair value have a maturity of less than a year or have a floating interest rate, and their book values approximate their fair values.

(1) Loans and advances to customers measured at amortised cost

Loans and advances to customers are stated at amortised costs less loss/allowances for impairment loss. Since the loans and advances at amortised cost are mostly priced with reference to the Loan Prime Rates (LPRs), they are repriced at least annually with reference to the market interest rates. For impaired loans, impairment allowances are made to reduce their carrying amounts to reflect their estimated recoverable amounts. Accordingly, the carrying values of loans and advances to customers approximate their fair values.

(2) Financial investments measured at amortised cost

The fair values of financial investments measured at amortised cost are usually measured based on "bid" market prices or quotations of the brokers'/dealers. If relevant market information is not available, their fairs value are based on quoted prices of security products with similar characteristics, such as credit risk, maturity and yield.

(3) Debt securities issued

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair values using the current market rates appropriate for debt securities with similar remaining maturities.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

11.3 Fair value of financial assets and liabilities not carried at fair value (continued)

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised and cost debt securities issued:

	30 June 2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Financial assets measured at amortised cost	**1,526,370**	**1,574,497**	**–**	**1,530,020**	**44,477**
Financial liabilities					
Debt securities issued	**855,678**	**853,005**	**–**	**853,005**	**–**

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	1,531,024	1,536,026	–	1,488,415	47,611
Financial liabilities					
Debt securities issued	675,826	669,980	–	669,980	–

12 SUBSEQUENT EVENTS

RMB30 billion worth of 2024 Undated Capital Bonds-Series 1 were issued on 15 August 2024, with a coupon rate of 2.35% per annum.

13 COMPARATIVE FIGURES

Certain comparative data has been restated to conform to the presentation and disclosure of the current period.

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

To the Shareholders of China Minsheng Banking Corp., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of China Minsheng Banking Corp., Ltd. (the "Bank") and its subsidiaries (the "Group"), which are set out on pages 237 to 433, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and financial investments
- Consolidation of structured entities

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses for loans and advances to customers and financial investments	
Refer to Note 2.10, Note 3.2, Note 4.17 and Note 4.18 to the consolidated financial statements. As at 31 December 2023, gross loans and advances to customers and accrued interest, as presented in the Group's consolidated statement of financial position, amounted to RMB4,420,701 million, for which the management recognized allowance for impairment losses of RMB97,444 million; total financial investments and accrued interest included for the purpose of expected credit loss measurement amounted to RMB1,953,334 million, for which the management recognized allowance for impairment losses of RMB12,386 million.	We obtained an understanding of the management's internal control and assessment process of ECL measurement for loans and advances to customers, and financial investments, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We evaluated and tested the key internal controls relating to ECL measurement for loans and advances to customers, and financial investments, primarily including: (1) Governance over ECL models, including the selection, approval and application of modelling methodology; and the internal controls relating to the on-going monitoring and optimization of the models;

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses for loans and advances to customers and financial investments *(continued)*	
The balances of allowances for impairment losses for loans and advances to customers and financial investments represent the management's best estimates of expected credit losses ("ECL") at the reporting date by applying ECL models under IFRS 9: Financial Instruments. The management assesses whether the credit risk of loans and advances to customers and financial investments have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For corporate loans and financial investments in stages 1 and 2, and all personal loans, the management assesses allowance for impairment losses using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default and exposure at default. For corporate loans and financial investments in stage 3, the management assesses allowance for impairment losses using discounted cash flows model. The models of ECL involves significant management judgments and assumptions, primarily including: (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;	(2) Internal controls relating to significant management judgments and assumptions, including the assessment and approval of portfolio segmentation, model selections, parameters estimation, identification of significant increase in credit risk, defaults and credit-impaired and forward-looking adjustments; (3) Internal controls over the accuracy and completeness of key inputs used in the models; (4) Internal controls relating to estimated future cash flows and calculations of present values of such cash flows for corporate loans and financial investments in stage 3; (5) Internal controls over the information systems for ECL measurement; (6) Evaluation and approval of the measurement result of ECL for loans and advances to customers, and financial investments. We involved our credit risk experts in relevant assessment. The substantive procedures we performed primarily included: According to the risk characteristics of assets, we evaluated the reasonableness of segmentation of business operations. We assessed the appropriateness of the modelling methodologies adopted in ECL measurement by comparing with the industry practice. We also examined the ECL calculations on a sample basis, to test whether or not the models reflect the modelling methodologies documented by the management.

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses for loans and advances to customers and financial investments *(continued)*	
(2) Criteria for determining whether or not there is a significant increase in credit risk, or a default and impairment loss is incurred; (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings; (4) The estimation of future cash flows for corporate loans and financial investments in stage 3. The management established governance processes and internal controls for the measurement of ECL. For the measurement of ECL, the management adopted complex models, used numerous parameters and data inputs, and applied significant management judgments and assumptions. In addition, the loans and advances to customers, financial investments and the related allowance for impairment losses involve significant amounts, and the measurement has a high degree of estimation uncertainty. In view of these reasons, we identified this as a key audit matter.	We have examined the accuracy of data inputs for the ECL models, and evaluated the reasonableness of the relevant parameters, covering: (i) examination of supporting information on a sample basis, including contractual information and borrowers' financial and non-financial information at historical and reporting date, which have been agreed with the underlying data used to generate probability of default and internal credit ratings, and assessment of the reasonableness of probability of default; (ii) assessment of the reasonableness of the loss given default using historical data and benchmarking against industry practices; and (iii) examination of borrowing contracts on a sample basis and assessment of the reasonableness of exposure at default. We selected samples, in consideration of the financial information and non-financial information of the borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired. For forward-looking measurements, we assessed management's selection of economic indicators and their analysis of correlation with the performance of the credit risk portfolios by using statistical techniques. We evaluated the reasonableness of the prediction of economic indicators by performing back-testing and comparing with available forecasts from third-party institutions. In addition, we performed sensitivity analysis on the economic indicators and weightings under different economic scenarios.

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement of expected credit losses for loans and advances to customers and financial investments *(continued)*	
	For corporate loans and financial investments in stage 3, we examined, on a sample basis, forecasted future cash flows prepared by the management based on financial information of borrowers and guarantors, latest collateral valuations and other available information together with discount rates in supporting the computation of allowance for impairment losses. Based on the procedures performed, we considered that the models, key parameters, significant judgement and assumptions adopted in ECL measurement together with the measurement results were acceptable.
Consolidation of structured entities	
Refer to Note 2.4(1), Note 3.5 and Note 7 to the consolidated financial statements. Structured entities primarily included wealth management products, asset-backed securities, funds, trust plans and asset management plans invested, sponsored and managed by the Group. As at 31 December 2023, the carrying amount of unconsolidated structured entities invested by the Group amounted to RMB366,258 million. In addition, as at 31 December 2023, the balances of wealth management products, funds and asset management plans sponsored and managed by the Group which were not included in the consolidated statement of financial position were RMB867,693 million and RMB107,869 million, respectively.	We understood, evaluated and tested the Group's relevant key internal controls over consolidation assessment of structured entities. These included controls over management's assessment of the transaction structures and contractual terms, calculations of variable returns, as well as approval of the consolidation assessment results. We selected samples of structured entities and performed the following tests: • reviewed contracts and other supporting documents, analysed the Group's contractual rights and obligations in light of the transaction structures, and evaluated the Group's power over the structured entities. • performed independent analysis and tests on the variable returns from the structured entities, including but not limited to commission income, asset management fees, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities.

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Consolidation of structured entities ***(continued)***	
Management had determined whether the Group had control of certain structured entities based on the assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities. The significant judgement exercised by management in assessing whether the Group had control of structured entities and the significant amount of such structured entities resulted in this matter being identified as a key area of audit focus.	• assessed whether the Group acted as a principal or an agent, through analysis and assessment of the scope of the Group's decision-making authority over the structured entities, the remuneration to which the Group was entitled for asset management services, the Group's exposure to variability of returns from other interests in the structured entities, and the rights held by other parties in the structured entities. Based on the procedures performed, we found management's consolidation judgement of these structured entities acceptable.

Other Information

The directors of the Bank are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ma Yui Man.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Year ended 31 December 2023	2022
Interest income		**267,126**	262,937
Interest expense		**(164,695)**	(155,474)
Net interest income	1	**102,431**	107,463
Fee and commission income		**25,476**	25,470
Fee and commission expense		**(6,240)**	(5,196)
Net fee and commission income	2	**19,236**	20,274
Net trading gain	3	**4,748**	4,690
Net gain from investment securities	4	**8,529**	4,357
Including: disposals of financial assets measured at amortised cost		**1,795**	2,202
Net other operating income	5	**2,447**	2,435
Operating expenses	6	**(52,807)**	(52,602)
Credit impairment losses	7	**(45,707)**	(48,762)
Other impairment losses	8	**(1,519)**	(685)
Profit before income tax		**37,358**	37,170
Income tax expense	10	**(1,372)**	(1,393)
Net profit		**35,986**	35,777
Net profit attributable to:			
Equity holders of the Bank		**35,823**	35,269
Non-controlling interests		**163**	508
Earnings per share (expressed in RMB Yuan)			
Basic and diluted earnings per share	11	**0.72**	0.71

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

		Year ended 31 December	
	Note 4	2023	2022
Net profit		**35,986**	35,777
Other comprehensive income of the year, net of tax	41	**2,732**	(846)
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income		**549**	1,517
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
Changes in fair value		**2,043**	(2,824)
Allowance for impairment losses		**(48)**	(521)
Effective hedging portion of gains or losses arising from cash flow hedging instruments		**(18)**	8
Exchange difference on translating foreign operations		**206**	974
Total comprehensive income of the year		**38,718**	34,931
Total comprehensive income attributable to:			
Equity holders of the Bank		**38,365**	34,143
Non-controlling interests		**353**	788

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	31 December 2023	31 December 2022
ASSETS			
Cash and balances with central bank	12	**390,367**	338,552
Balances with banks and other financial institutions	13	**129,678**	88,705
Precious metals		**28,285**	25,167
Placements with banks and other financial institutions	14	**172,778**	182,434
Derivative financial assets	15	**24,797**	33,878
Financial assets held under resale agreements	16	**35,773**	3,010
Loans and advances to customers	17	**4,323,908**	4,072,982
Financial investments:	18		
– Financial assets at fair value through profit or loss		**320,547**	389,070
– Financial assets measured at amortised cost		**1,531,024**	1,363,589
– Financial assets at fair value through other comprehensive income		**420,571**	473,211
Long-term receivables	19	**119,434**	111,456
Property and equipment	20	**60,490**	58,896
Right-of-use assets	21(1)	**13,279**	13,146
Deferred income tax assets	22	**54,592**	55,701
Other assets	24	**49,442**	45,876
Total assets		**7,674,965**	7,255,673

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	31 December 2023	31 December 2022
LIABILITIES			
Borrowings from central bank		**326,454**	144,801
Deposits and placements from banks and other financial institutions	26	**1,242,059**	1,479,041
Financial liabilities at fair value through profit or loss	27	**35,827**	1,915
Borrowings from banks and other financial institutions	28	**115,715**	105,229
Derivative financial liabilities	15	**29,276**	32,675
Financial assets sold under repurchase agreements	29	**191,133**	104,140
Deposits from customers	30	**4,353,281**	4,051,592
Lease liabilities	21(2)	**9,560**	9,426
Provisions	31	**1,787**	2,456
Debt securities issued	32	**675,826**	648,107
Current income tax liabilities		**1,392**	5,040
Deferred income tax liabilities	22	**214**	236
Other liabilities	33	**54,640**	58,201
Total liabilities		**7,037,164**	6,642,859

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	31 December 2023	31 December 2022
EQUITY			
Share capital	34	**43,782**	43,782
Other equity instrument		**94,962**	94,962
Including: Preference shares	35	**19,975**	19,975
Perpetual bonds	36	**74,987**	74,987
Reserves			
Capital reserve	34	**58,149**	58,149
Surplus reserve	38	**58,805**	55,276
General reserve	38	**95,237**	90,494
Other reserves	41	**2,022**	(612)
Retained earnings	38	**271,645**	257,877
Total equity attributable to equity holders of the Bank		**624,602**	599,928
Non-controlling interests	39	**13,199**	12,886
Total equity		**637,801**	612,814
Total liabilities and equity		**7,674,965**	7,255,673

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

Approved and authorised for issue by the Board of Directors on 28 March 2024.

Gao Yingxin
Chairman

Wang Xiaoyong
President (Acting)

Wen Qiuju
Director

(Company Seal)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	34	35&36	34	38	38	41	41	41	38		39	
At 31 December 2022	43,782	94,962	58,149	55,276	90,494	(1,079)	466	1	257,877	599,928	12,886	612,814
(I) Net profit	-	-	-	-	-	-	-	-	35,823	35,823	163	35,986
(II) Other comprehensive income, net of tax	-	-	-	-	-	2,494	66	(18)	-	2,542	190	2,732
Total comprehensive income	-	-	-	-	-	2,494	66	(18)	35,823	38,365	353	38,718
(III) Profit distribution												
1. Appropriation to surplus reserve	-	-	-	3,529	-	-	-	-	(3,529)	-	-	-
2. Appropriation to general reserve	-	-	-	-	4,743	-	-	-	(4,743)	-	-	-
3. Cash dividends	-	-	-	-	-	-	-	-	(10,245)	(10,245)	(37)	(10,282)
4. Perpetual bond interest	-	-	-	-	-	-	-	-	(3,440)	(3,440)	-	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	92	-	-	(92)	-	-	-
(V) Others												
1. Subsidiaries shares repurchased	-	-	-	-	-	-	-	-	(6)	(6)	(3)	(9)
At 31 December 2023	43,782	94,962	58,149	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank											
			Reserves									
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	34	35&36	34	38	38	41	41	41	38		39	
At 31 December 2021	43,782	89,964	58,149	51,843	87,013	573	(181)	(7)	243,144	574,280	12,259	586,539
(I) Net profit	–	–	–	–	–	–	–	–	35,269	35,269	508	35,777
(II) Other comprehensive income, net of tax	–	–	–	–	–	(1,781)	647	8	–	(1,126)	280	(846)
Total comprehensive income	–	–	–	–	–	(1,781)	647	8	35,269	34,143	788	34,931
(III) Capital injection and deduction by equity holders												
1. Capital injection by other equity instrument holders	–	4,998	–	–	–	–	–	–	–	4,998	–	4,998
(IV) Profit distribution												
1. Appropriation to surplus reserve	–	–	–	3,433	–	–	–	–	(3,433)	–	–	–
2. Appropriation to general reserve	–	–	–	–	3,481	–	–	–	(3,481)	–	–	–
3. Cash dividends	–	–	–	–	–	–	–	–	(10,202)	(10,202)	(129)	(10,331)
4. Perpetual bond interest	–	–	–	–	–	–	–	–	(3,230)	(3,230)	–	(3,230)
(V) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	129	–	–	(129)	–	–	–
(VI) Others												
1. Subsidiaries shares repurchased	–	–	–	–	–	–	–	–	(61)	(61)	(32)	(93)
At 31 December 2022	43,782	94,962	58,149	55,276	90,494	(1,079)	466	1	257,877	599,928	12,886	612,814

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Cash flows from operating activities:		
Profit before income tax	37,358	37,170
Adjustments for:		
– Credit impairment losses	45,707	48,762
– Other impairment losses	1,519	685
– Depreciation and amortisation	8,314	7,805
– Gains on disposal of property and equipment	(51)	(124)
– Losses from changes in fair value	2,726	8,089
– Net gains on disposal of investment securities	(9,061)	(9,707)
– Interest expense on debt securities issued	16,795	20,118
– Interest expense on lease liabilities	330	386
– Interest income from financial investments	(59,155)	(56,447)
Subtotal	44,482	56,737
Changes in operating assets:		
Net decrease in balances with central bank, banks and other financial institutions	10,022	829
Net decrease/(increase) in placements with banks and other financial institutions	15,731	(33,148)
Net increase in financial assets held under resale agreements	(32,747)	(1,649)
Net increase in loans and advances to customers	(283,409)	(144,656)
Net increase in financial assets held for trading purposes	(21,737)	(31,455)
Net increase in other operating assets	(24,680)	(16,380)
Subtotal	(336,820)	(226,459)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Year ended 31 December	
	2023	2022
Changes in operating liabilities:		
Net increase/(decrease) in borrowings from central bank	**180,427**	(133,367)
Net increase in deposits from customers	**289,476**	217,766
Net (decrease)/increase in deposits and placements from banks and other financial institutions	**(237,078)**	185,579
Net increase in financial assets sold under repurchase agreements	**87,001**	67,415
Income tax paid	**(4,604)**	(9,212)
Net increase in other operating liabilities	**50,792**	7,814
Subtotal	**366,014**	335,995
Net cash generated from operating activities	**73,676**	166,273

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Year ended 31 December 2023	2022
Cash flows from investing activities:			
Proceeds from sale and redemption of investments and investment income		**1,437,468**	1,035,119
Proceeds from disposal of property and equipment, intangible assets and other long-term assets		**2,159**	3,071
Cash payment for investments		**(1,389,186)**	(1,139,805)
Cash payment for purchase of property and equipment, intangible assets and other long-term assets		**(8,677)**	(10,712)
Net cash generated from investing activities		**41,764**	(112,327)
Cash flows from financing activities:			
Capital injection by holders of other equity instruments		**–**	4,998
Proceeds from issue of debt securities		**1,021,482**	836,972
Repayment of debt securities issued		**(992,773)**	(910,525)
Subsidiaries shares repurchased		**(9)**	(93)
Dividends paid and interest paid on debt securities issued		**(28,729)**	(20,636)
Interest paid on perpetual bonds		**(3,440)**	(3,230)
Cash payment in other financing activities		**(3,791)**	(3,691)
Net cash generated from financing activities		**(7,260)**	(96,205)
Effect of exchange rate changes on cash and cash equivalents		**851**	7,146
Net increase/(decrease) in cash and cash equivalents		**109,031**	(35,113)
Cash and cash equivalents at 1 January		**128,305**	163,418
Cash and cash equivalents at 31 December	42	**237,336**	128,305

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

1 General information

China Minsheng Banking Corp., Ltd. (the "Bank") is a national joint-stock commercial bank established in the People's Republic of China (the "PRC") on 7 February 1996 with the approval of the State Council of the PRC and the People's Bank of China ("PBOC").

The Bank obtained the financial service certificate No. B0009H111000001 as approved by the China Banking and Insurance Regulatory Commission (The former "CBIRC") (In 2023, the regulator was renamed as the National Financial Regulation Administration, The "NFRA"); and the business license as approved by the Beijing Administration for Industry and Commerce; the unified social credit code is No. 91110000100018988F.

The Bank's A Shares and H Shares are listed in the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the stock codes are 600016 and 01988, respectively.

In these consolidated financial statements for the year ended 31 December 2023, China mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. Abroad of China refers to Hong Kong, Macau, Taiwan and other countries. Overseas refers to areas of other countries and regions, outside mainland China, Hong Kong, Macau, and Taiwan.

The Bank and its subsidiaries (collectively the "Group") mainly provide corporate and personal banking, treasury business, financial leasing, fund and asset management, investment banking and other financial services in the PRC.

As at 31 December 2023, the Bank had 42 tier-one branches and 33 subsidiaries.

2 Summary of material accounting policies

The accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622) for this financial year and the comparative period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of consideration given in exchange for assets and that is received (or in some circumstances the amount expected to be paid) with respect to liabilities.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Standards and amendments effective in 2023 relevant to and adopted by the Group

In current period, the Group has adopted the following IFRS Accounting Standards and amendments issued by the International Accounting Standards Board ("IASB").

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IFRS 17	Insurance Contracts

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

The IASB issued amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. The amendments provide guidance to help entities apply materiality judgements to accounting policy disclosures. The amendments replace the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. The amendments add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2 Summary of material accounting policies *(continued)*

2.2 Standards and amendments effective in 2023 relevant to and adopted by the Group *(continued)*

Amendments to IAS 8: Definition of Accounting Estimates

The IASB issued amendments to IAS 8: Definition of Accounting Estimates. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. It introduces a new definition of "accounting estimates". The amendments are designed to clarify distinction between changes in accounting estimates and changes in accounting policies and correction of errors.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The IASB issued amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

The IASB issued amendments to IAS 12: International Tax Reform – Pillar Two Model Rules. The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform. The Group has adopted the relief for deferred taxes under the amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.2 Standards and amendments effective in 2023 relevant to and adopted by the Group *(continued)*

Amendments to IFRS 17: Insurance Contracts

IFRS 17 Insurance Contracts was issued in May 2017 and will be effective from 1 January 2023. IFRS 17 established principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The main impacts are as follows:

- IFRS 17 requires that insurance contracts subject to similar risks and managed together shall be included in one portfolio, and each portfolio is further divided into groups of contracts mainly based on factors including profitability of each contract. The unit of account for the recognition and measurement of insurance contracts is each individual group of contracts.

- Investment components are no longer included in insurance revenue or insurance service expenses.

- Under IFRS 17, estimated future profits for a group of insurance contracts are recognized as the contractual service margin within insurance contract liabilities. Such unearned profits will be released and recognized as insurance revenue over the coverage period of the insurance contracts as services are provided.

- IFRS 17 requires the discount rates used in the measurement of insurance contract liabilities shall be consistent with observable current market prices. On the initial application of IFRS 17, the Group is allowed to reassess the classification of financial assets in accordance with IFRS 9. In addition, the Group has an option to present the changes in the measurement of selected insurance contract liabilities due to changes in time value money and other financial risks in other comprehensive income.

The adoption of the above amendments did not have material impact on the Group's consolidated financial statements.

(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.3 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group

In current year, the Group has not adopted the following new or amended standards issued by the IASB and the IFRS Interpretations Committee ("IFRIC"), that have been issued but are not yet effective.

Standards/Amendments		Effective date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The effective date has now been deferred.
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.3 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

IFRS 16 Amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments confirm the following: On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

Amendments to IAS 7 and IFRS 7: Supplier finance arrangements

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments clarify the characteristics of supplier finance arrangements (SFAs) and require additional disclosure of such arrangements. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

Amendments to IAS 21: Lack of Exchangeability

Amendments to IAS 21 elaborated the definitions of exchangeable, that is when an entity is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, an entity needs to estimate the spot exchange rate to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The Group anticipates that the adoption of the above amendments will not have material impact on the Group's consolidated financial statements.

2 Summary of material accounting policies *(continued)*

2.4 Consolidation

(1) Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiaries as well as structured entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date on which control ceases, respectively.

Adjustments are made to the financial statements of subsidiaries, where appropriate, to consistently reflect the accounting policies of the Group.

All intra-group transactions, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests of consolidated subsidiaries are presented separately from the controlling party's equity therein.

The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Further, total comprehensive income of a subsidiary is attributed, based on the proportion of their respective holdings, to the equity holders of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost, less impairment losses, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.4 Consolidation *(continued)*

(2) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity interests issued by the Group. Acquisition related costs are recognized in the consolidated income statement as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognized at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits, respectively.

Goodwill is measured as the excess of the difference between (i) the consideration transferred, the fair value of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) and (ii) the net fair value of the identifiable assets acquired and the liabilities and contingent liabilities incurred or assumed.

Non-controlling interests that represent ownership interests in the acquiree, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are accounted for at either fair value or the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

2 Summary of material accounting policies *(continued)*

2.4 Consolidation *(continued)*

(3) Goodwill

Goodwill represents the excess of the cost of an acquisition less the fair value of the Group's share of the net identifiable assets of acquired subsidiaries and associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill on acquisition of associates is included in investment in associates.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") or groups of CGUs that is expected to benefit from the synergies of the business combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU, which is the higher of fair value less costs to sell and value in use, is less than its carrying amount, the deficit, reflecting an impairment loss, is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment loss is recognized directly in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(4) Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control or joint control over those policy decisions.

The post-acquisition profit or loss of an associate is incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of loss of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss. Additional loss is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.4 Consolidation *(continued)*

(4) Investment in associate *(continued)*

At the end of each reporting period, the Group considers whether there are circumstances that indicate the possibility of impairment of the Group's investment in an associate; when that is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 – Impairment of Assets, as a single asset by comparing its recoverable amount (the higher of fair value less costs to sell and value in use) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of an impairment loss is recognized, to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with the Group's associate, profits and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.5 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit and loss.

For specific accounting policies related to the interest income of financial assets and the interest expense of financial liabilities, please refer to the Note 2.10(4) Subsequent measurement of financial instruments.

2.6 Fee and commission income

Fee and commission income is recognized when the Group fulfils its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognizes revenue when control is passed to the customer at a certain point in time, including insurance agency fee, merchant acquiring service fee, settlement and clearing services and bond underwriting fee, etc. For the performance obligations satisfied over time, the Group recognizes revenue according to the progress toward satisfaction of the obligation over the time, including consultancy and advisory fee and custodial fee, etc.

2 Summary of material accounting policies *(continued)*

2.7 Foreign currency translations

The functional currency of the Domestic Operations is Chinese Renminbi ("RMB"). The presentation currency of the Group and the Bank is RMB.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in the consolidated income statement in the period in which they arise, except for the following:

(1) Exchange differences arising on a monetary item that forms part of the Bank's net investment in the Overseas Operations;

(2) Changes in the fair value of monetary assets denominated in foreign currency classified as financial investments at fair value through other comprehensive income are analyzed between translation differences resulting from changes in the amortized cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortized cost are recognized in the consolidated income statement, and other changes in the carrying amount are recognized in other comprehensive income.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated income statement for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's Overseas Operations are translated into the presentation currency of the Group at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the foreign currency translation reserve and non-controlling interests, as appropriate. The accumulated foreign currency translation reserve related to the Overseas Operations will be reclassified from equity to the consolidated income statement on disposal of all or part of the Overseas Operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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2 Summary of material accounting policies *(continued)*

2.8 Income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax also arises from unused tax losses and unused tax credits. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

At the end of each reporting period, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled according to the requirements of tax laws. The Group also considers the possibility of realisation and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Otherwise, the balances of deferred tax assets and deferred tax liabilities, and movements therein, are presented separately from each other and are not offset.

Current income tax and movements in deferred tax balances are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

2 Summary of material accounting policies *(continued)*

2.9 Employee benefits

(1) Short-term employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the short-term employee benefits payable for those services as a liability with a corresponding increase in the expenses in the consolidated statement of profit or loss, including salaries, bonuses, allowance, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds as well as labour union fee and staff and workers' education fee.

(2) Post-employment benefits-defined contribution plans

The Group's post-employment benefits are primarily the payments for basic pension fund and unemployment insurance related to government mandated social welfare programs, as well as the annuity scheme established. The contribution amounts to the basic pension plan and unemployment insurance program are calculated based on the benchmarks and ratios stipulated by the state. In accordance with relevant annuity policies of the state, the Bank and some subsidiaries have also established supplementary defined contribution retirement plans, or annuity plans, for their qualified employees.

Contributions to the post-employment benefits plans are recognised in the consolidated income statement for the period in which the related payment obligation is incurred.

2.10 Financial instruments

(1) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For purchases or sales of financial assets in a regular way, the related assets and liabilities are recognized or sold assets are derecognized at the trade date, along with the recognition of gains or losses on disposal and the receivables due from the buyer. The trade date is the date on which the Group commits to purchase or sell the financial asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(1) Initial recognition, classification and measurement of financial instruments *(continued)*

(a) Financial assets

Financial assets are classified in the following measurement categories based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

Amortized cost ("AC");

Fair value through other comprehensive income ("FVOCI"); or

Fair value through profit or loss ("FVPL").

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic leading risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic leading arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(1) Initial recognition, classification and measurement of financial instruments *(continued)*

(a) Financial assets *(continued)*

The classification requirements for debt instruments and equity instruments are described as below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds etc. Classification and measurement of debt instruments depend on the Group's business models for managing the financial asset and the cash flow characteristics of the financial asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- AC: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding, and that are not designated at FVPL, are measured at amortized cost.

- FVOCI: Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the assets; and the contractual terms give rise on specified dates to cash flows that are SPPI, and that are not designated at FVPL, are measured at FVOCI.

- FVPL: Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(1) Initial recognition, classification and measurement of financial instruments *(continued)*

(b) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at amortized cost and financial liabilities carried at FVPL on initial recognition. Financial liabilities at FVPL is applied to derivative financial liabilities, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies, whereby a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Group recognizes any expenses incurred on the financial liability; In applying the continued involvement approach of accounting for the measurement of the transferred liability, please refer to the Note 2.10(7) Derecognition of financial assets.

(2) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(3) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices in an orderly transaction, fair value of other financial instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants. When measuring the asset or liability at fair value, the Group shall use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability. These valuation techniques include the use of observable and/or unobservable inputs, and observable inputs are preferred.

(4) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

(a) Amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; (iii) for financial assets, adjusted for any loss allowance.

Interest income and interest expenses from these financial assets and liability is included in "interest income" and "interest expenses" respectively using the effective interest rate method.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(4) Subsequent measurement of financial instruments *(continued)*

(a) Amortized cost *(continued)*

Effective interest method is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest income or interest expense in profit or loss over the relevant period. Effective interest rate is that exactly discounts estimated future cash flows through the expected life of a financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. When calculating effective interest rate, the Group estimates the expected cash flows by considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Interest income", except for:

- POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost. Credit-adjusted effective interest rate is that exactly discounts the estimated future cash flows through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset;

- Financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

(b) Fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(4) Subsequent measurement of financial instruments *(continued)*

(b) Fair value through other comprehensive income *(continued)*

Equity instruments

The equity instrument investments that are not held for trading are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value and a gain or loss on a financial assets that is measured at fair value should be recognised in profit or loss.

(d) Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses recognized in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

- changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognized in other comprehensive income; and

- other changes in fair value of such financial liabilities are recognized in profit or loss of the current period. If the accounting of changes in the credit risk of the financial liabilities in accordance with the above paragraph will create or enlarge accounting mismatches in profit or loss, the Group recognizes all gains or losses on such financial liabilities (including amounts arising from changes in its own credit risk) in the profit or loss of the current period.

When the liabilities designated as at fair value through profit or loss is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings.

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2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(5) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and exposures arising from some loan commitments and financial guarantee contracts.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, which are all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL models, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is moved to Stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in Note 10.2(3).

Stage 3: If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. The definition of credit-impaired financial assets is disclosed in Note 10.2(3).

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(5) Impairment of financial instruments *(continued)*

Financial instruments in Stage 1 have their ECL measured at an amount equivalent to the ECL of the financial asset for the next 12 months ("12m ECL"). Financial instruments in Stage 2 or Stage 3 have their ECL measured at an amount equivalent to the ECL over the lifetime of the financial instruments ("Lifetime ECL"). The description of inputs, assumptions and estimation techniques used in measuring the ECL is disclosed in Note 10.2(3).

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date and the amount of expected credit losses reversal is recognized in profit or loss. For POCI financial assets, at the reporting date, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition.

(6) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

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For the year ended 31 December 2023
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2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(6) Modification of loans *(continued)*

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

(7) Derecognition of financial assets

Financial asset is derecognized when one of the following conditions is met: (i) the Group's contractual rights to the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or (iii) the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial asset has been transferred, if the Group neither transfers nor retains substantially all the risks and rewards of the asset, and retains control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset, whereby the related liabilities is recognized accordingly.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the consolidated income statement.

(8) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is removed when the obligation specified in the contract is discharged or cancelled or expires in whole or in part. An exchange between the Group and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(9) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

(i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

(ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

(10) Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of the reporting period. The resulting gain or loss is recognized in the consolidated income statement.

(11) Embedded derivative financial instruments

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

(a) Their economic characteristics and risks are not closely related to those of the host contract;

(b) A separate instrument with the same terms would meet the definition of a derivative; and

(c) The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the consolidated income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

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2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(12) Hedge accounting

The Group uses cash flow hedge accounting and fair value hedge accounting. The Group documents, at inception, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Group assesses the hedge effectiveness both at hedge inception and on an ongoing basis.

(a) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction that could ultimately affect the profit or loss.

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity in the "other comprehensive income". The ineffective portion is recognised immediately in the profit or loss. Amounts accumulated in equity are reclassified to the profit or loss in the same periods when the hedged item affects the profit or loss.

When a hedging instrument expires or is sold, or the hedge designation is revoked or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss on the hedging instrument existing in equity at that time remains in equity and is reclassified to the profit or loss when the forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss existing in other comprehensive income is immediately transferred to the profit or loss.

(b) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

The changes in fair value of hedging instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with the changes in fair value of the hedged item attributable to the hedged risk. The net difference is recognised as ineffectiveness in the profit or loss.

2 Summary of material accounting policies *(continued)*

2.10 Financial instruments *(continued)*

(12) Hedge accounting *(continued)*

(b) Fair value hedge *(continued)*

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. If the hedged item is de-recognised, the unamortised carrying value adjustment is recognised immediately in the profit or loss.

(13) Offsetting financial assets and financial liabilities

When the Group has a legal right to set off the recognized amounts and the legal right is currently enforceable, and the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position. Besides, financial assets and liabilities shall be settled respectively but not offset each other. The legally enforceable right of set-off must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(14) Financial assets held under repurchase agreement, financial assets sold under resale agreements and securities lending

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as investments classified as financial assets before sale or loan. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognized are disclosed in Note 6.3 Contingent Liabilities and Commitments – Collateral.

Consideration paid for financial assets held under agreements to resell are recorded as Financial assets held under resale agreements, the related financial assets accepted is not recognized in the consolidated statement of financial position (Note 6.3 Contingent Liabilities and Commitments – Collateral).

The difference between the purchase and sale price is recognized as interest expense or income over the term of the agreements using the effective interest method.

Securities lending transactions are generally secured, with collateral taking the form of securities or cash. Securities lent to counterparties by the Group are recorded in the consolidated financial statements. Securities borrowed from counterparties by the Group are not recognised in the consolidated financial statements of the Group. Cash collateral received or advanced is recognised as a liability or an asset in the consolidated financial statements.

2.11 Precious metals

Precious metals comprise gold, silver and other precious metals.

Precious metals that are related to the Group's trading activities are initially recognized at fair value, with changes in fair value arising from re-measurement recognized directly in the consolidated income statement in the period in which they arise.

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2 Summary of material accounting policies *(continued)*

2.12 Property and equipment

Property and equipment including buildings held for use in the supply of services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property and equipment.

Subsequent expenditure incurred for the property and equipment (other than construction in progress) is included in the cost of the property and equipment (other than construction in progress) if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured, and the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

Depreciation is recognized as a component of operating expenses in the consolidated income statement so as to recognize the consumption of the economic value of property and equipment (other than construction in progress), less their estimated residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation rates are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

	Estimated useful lives	Estimated net residual value	Annual depreciation rates
Buildings	5 – 30 years	5%	3.17% – 19.00%
Operating equipment	3 – 20 years	5%	4.75% – 31.67%
Scientific and technological equipment	3 – 10 years	5%	9.50% – 31.67%
Transportation facility	5 years	5%	19.00%
Other fixed assets	5 – 30 years	5%	3.17% – 19.00%

2 Summary of material accounting policies *(continued)*

2.12 Property and equipment *(continued)*

Properties in the course of construction for supply of services or administrative purposes are carried at cost, as construction in progress, less any impairment loss. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other operating income or operating expenses in the consolidated income statement. The accounting policies of impairment of property and equipment are included in Note 2.19 Impairment of tangible and intangible assets other than goodwill.

2.13 Land use rights

Land use rights are classified in right-of-use assets and amortized over a straight-line basis over their authorized useful lives.

2.14 Foreclosed assets

Foreclosed financial assets are initially recognized at fair value, and foreclosed non-financial assets are initially measured at the fair value of the waived creditors' rights and other costs such as taxes directly attributable to the assets. At the end of each reporting period, foreclosed non-financial assets are measured at the lower of their carrying amount and fair value less costs to sell. When the fair value less costs to sell is lower than a foreclosed non-financial asset's carrying amount, an impairment loss is recognized in the consolidated income statement.

When a foreclosed asset is disposed, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

When a foreclosed asset needs to be transferred for own use, it is transferred at its carrying amount including the impairment allowance at the transition day.

The Group disposes of foreclosed assets through various means. In principle, foreclosed assets should not be transferred for own use, but, in the event that they are needed for the Group's own business or management purposes, they are managed as newly acquired property and equipment.

2 Summary of material accounting policies *(continued)*

2.15 Investment property

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment property is initially measured at its acquisition cost. Subsequent expenditure incurred for the investment property is included in the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

Investment properties are measured using the cost model. Depreciation and amortization is recognized the same way as property and equipment and land use rights.

The accounting policies of impairment of investment property are included in Note 2.19 Impairment of tangible and intangible assets other than goodwill.

Where an impairment loss subsequently reverses, the carrying amount of the investment property is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated income statement.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated income statement.

2 Summary of material accounting policies *(continued)*

2.16 Leases

Lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

(1) Lessee

The Group recognized the right-of-use assets at the commencement date, and recognized the lease liabilities at the present value of the outstanding lease payments. Lease payments include fixed payments, the amounts expected to be payable by the Group if the Group is reasonably certain to exercises a purchase option or an option to terminate the lease.

The right-of-use assets of the Group include buildings, land use rights, office equipment and others. The right-of-use assets of the Group are measured at costs, which include the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and less any lease incentives received. If the Group could reasonably determine the ownership of the leased asset when the lease term expires, the right-of-use assets are depreciated over the asset's remaining useful life. Otherwise, the right-of-use assets are depreciated over the shorter period of the asset's useful life and the lease term on a straight-line basis. When the recoverable costs of right-of-use assets are lower than the carrying amount, the value of right-of-use assets will be decreased down to the recoverable costs.

Short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss instead of the right-of-use asset or lease liabilities. Short-term leases are leases with a lease term of 12 months or less. Leases of low value assets are the underlying assets are of low value when new.

(2) Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

The Group recognises lease payments from operating leases as income on a straight-line basis when the Group lease out owned buildings, machineries and equipment as well as motor vehicles.

(b) Finance leases

At the commencement date, the Group recognises finance lease receivables with the finance lease asset derecognized. The finance lease receivables are recorded as long-term receivables in the consolidated statement of financial position.

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2 Summary of material accounting policies *(continued)*

2.17 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, unrestricted balances held with central banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

2.18 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment loss. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives which generally range from 5 to 20 years.

Intangible assets with indefinite useful lives are not amortized, but are subject to annual impairment assessment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement.

2.19 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated income statement.

2 Summary of material accounting policies *(continued)*

2.20 Dividend/Interest distribution

Dividend distribution to the Bank's ordinary equity holders is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the ordinary equity holders in the annual general meeting of the Bank.

As authorized by the ordinary equity holders in the annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares or interests on perpetual bonds. Preference shares dividend or perpetual bonds interest distribution is recognized as a liability in the Group's and the Bank's financial statements in the period in which the dividends or interests are approved by the Board of Directors of the Bank.

2.21 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.22 Fiduciary activities

The Group acts as a custodian, trustee and in other fiduciary capacities to safeguard assets for customers in accordance with custody agreements between the Group and securities investment funds, social security funds, insurance companies, trust companies, qualified foreign institutional investors, annuity schemes and other institutions and individuals. The Group receives fees in return for its services provided under the custody agreements and does not have any interest in the economic risks and rewards related to assets under custody. Therefore, assets under custody are not recognized in the Group's consolidated statement of financial position.

The Group conducts entrusted lending arrangements for its customers. Under the terms of entrusted loan arrangements, the Group grants loans to borrowers, as an intermediary, according to the instruction of its customers who are the lenders providing funds for the entrusted loans. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the economic risks and rewards of the entrusted loans and the funding for the corresponding entrusted funds, they are not recognized as assets and liabilities of the Group.

2 Summary of material accounting policies *(continued)*

2.23 Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of guarantee fees, and the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated income statement.

The impairment allowance of loan commitments provided by the Group is measured using ECL models. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

2.24 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized, but disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable. The Group's contingent liabilities are disclosed in Note 6 Contingent liabilities and commitments.

A provision is recognized when it meets the criteria as set forth in Note 2.21 Provisions.

2.25 Operating segments

The Group determines its operating segments on the basis of its internal organisational structure, management requirements and internal reporting practices.

An operating segment is a component of the Group that meets all the following requirements: (i) it engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group; (ii) its operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (iii) separate financial information is available. The operating segments that meet the specified criteria have been aggregated, and the operating segment that meets quantitative thresholds have been reported separately.

2 Summary of material accounting policies *(continued)*

2.26 Preference shares and perpetual bonds

Preference shares issued by the Group contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group. Preference shares issued are non-derivative instruments that will be settled in the Group's own equity instruments, but includes no contractual obligation for the Group to deliver a variable number of its own equity instruments. The Group classifies preference shares issued as an equity instrument. Fees, commissions and other transaction costs of preference shares issuance are deducted from equity.

Perpetual bonds issued by the Group contain no contractual obligation to deliver cash or another financial asset; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group. Perpetual bonds issued include no terms and arrangements that the bonds must or will alternatively be settled in the Group's own equity instruments. The Group classifies perpetual bonds issued as an equity instrument. Fees, commissions and other transaction costs of perpetual bonds issuance are deducted from equity.

2.27 Materiality

Financial Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group assesses whether the financial information is material depending on the nature and magnitude, or both, considering entity-specific situation. When considering the nature of the information, the Group considers whether the nature of such information is related to normal operating activity, whether it has significant impact on the Group's financial position, operating results, and cash flows. When considering the magnitude of the information, the Group considers the proportion of such information of total assets, total liabilities, total equity, total operating income, total operating expenses, profit after tax, total other comprehensive income, and respective financial statement line items.

3 Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions that affect the carrying amounts of assets and liabilities. The estimates and related assumptions are based on historical experience and other relevant factors including reasonable expectations for future events.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods as appropriate.

The following are the critical judgments and key estimates management has made in the process of applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

3.1 Classification of financial assets

The critical judgments the Group has made in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: Whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests only included time value of money, credit risk, other basic borrowing risks, and considerations for costs and profits. For example, whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

3 Critical accounting estimates and judgements *(continued)*

3.2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (the possibility of default of customers and expected losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 10.2 Credit risk.

3.3 Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

3.4 Taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimation and judgement for items of uncertainty in the application of tax legislations, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

3.5 Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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3 Critical accounting estimates and judgements *(continued)*

3.6 Derecognition of financial assets

In its normal course of business, the Group transfers its financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements, securities lending etc. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

Where the Group enters into structured transactions by which it transfers financial assets to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following derecognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets are transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgment is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of Group's assessment on the extent that risks and rewards are transferred.

- where the Group has neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether it has relinquished its controls over these financial assets by assessing whether the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, and if the Group has continuing involvement in these transferred financial assets. Where the Group has not retained control, it derecognizes these financial assets and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise the Group continues to recognize these financial assets to the extent of its continuing involvement in the financial asset.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements

4.1 Net interest income

	Year ended 31 December	
	2023	2022
Interest income arising from:		
Loans and advances to customers	**186,571**	186,386
Including: Corporate loans and advances	**94,860**	87,091
Personal loans and advances	**86,975**	93,061
Discounted bills	**4,736**	6,234
Financial investments	**59,155**	56,447
Including: Financial assets measured at amortised cost	**46,598**	43,673
Financial assets at fair value through other comprehensive income	**12,557**	12,774
Long-term receivables	**6,992**	6,799
Placements with banks and other financial institutions	**6,541**	5,742
Balances with central bank	**4,886**	5,034
Financial assets held under resale agreements	**1,620**	1,970
Balances with banks and other financial institutions	**1,361**	559
Subtotal	**267,126**	262,937
Interest expense arising from:		
Deposits from customers	**(98,301)**	(93,254)
Deposits and placements from banks and other financial institutions	**(36,623)**	(30,208)
Debt securities issued	**(16,795)**	(20,118)
Borrowings from central bank	**(5,195)**	(6,651)
Borrowings from banks and other financial institutions and others	**(4,486)**	(3,391)
Financial assets sold under repurchase agreements	**(2,965)**	(1,466)
Lease liabilities	**(330)**	(386)
Subtotal	**(164,695)**	(155,474)
Net interest income	**102,431**	107,463
Of which:		
Interest income from impaired loans and advances to customers	**1,517**	1,091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.2 Net fee and commission income

	Year ended 31 December	
	2023	2022
Fee and commission income from		
Bank card services	**11,029**	10,909
Agency services	**5,888**	5,469
Custodian and other fiduciary services	**4,855**	5,960
Settlement services	**1,968**	1,619
Credit commitments	**1,085**	1,207
Others	**651**	306
Subtotal	**25,476**	25,470
Fee and commission expense	**(6,240)**	(5,196)
Net fee and commission income	**19,236**	20,274

4.3 Net trading gain

	Year ended 31 December	
	2023	2022
Net gains from interest rate products	**3,284**	1,193
Net (losses)/gains from foreign-exchange and foreign exchange products	**(131)**	2,228
Others	**1,595**	1,269
Total	**4,748**	4,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.4 Net gain from investment securities

	Year ended 31 December	
	2023	2022
Financial assets at fair value through profit or loss	**4,452**	(191)
Financial assets at fair value through other comprehensive income	**1,942**	2,346
Financial assets measured at amortised cost	**1,795**	2,202
Others	**340**	–
Total	**8,529**	4,357

4.5 Net other operating income

	Year ended 31 December	
	2023	2022
Operating leases income	**4,043**	4,436
Government subsidies	**718**	533
Operating leases costs	**(2,593)**	(2,505)
Others	**279**	(29)
Total	**2,447**	2,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.6 Operating expenses

	Year ended 31 December	
	2023	2022
Staff costs, including directors' emoluments		
– Salaries, bonuses, allowances and subsidies payables	**29,372**	29,004
– Post-employment benefits-defined contribution plan	**2,804**	2,451
Depreciation and amortisation	**6,346**	5,896
Short-term lease expenses, low-value lease expenses and property management expenses	**1,035**	912
Tax and surcharges		
– Urban Maintenance Construction Tax	**846**	860
– Educational fee surcharge	**382**	386
– Other	**745**	627
Office expenses, business expenses and others	**11,277**	12,466
Total	**52,807**	52,602

4.7 Credit impairment losses

	Year ended 31 December	
	2023	2022
Loans and advances to customers	**39,816**	41,695
Financial assets measured at amortised cost	**3,843**	4,038
Financial assets at fair value through other comprehensive income	**420**	370
Long-term receivables	**1,184**	1,900
Other receivables	**857**	472
Others	**(413)**	287
Total	**45,707**	48,762

4.8 Other impairment losses

	Year ended 31 December	
	2023	2022
Foreclosed assets	**1,090**	571
Others	**429**	114
Total	**1,519**	685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows:

For the year ended 31 December 2023 (in thousands of RMB)

	Year ended 31 December 2023			
	Basic salaries, allowances and other benefits	Contributions to pension schemes	Discretionary bonus	Total
Gao Yingxin(i)(ii)	3,619	116	–	3,735
Zhang Hongwei	935	–	–	935
Lu Zhiqiang	933	–	–	933
Liu Yonghao	935	–	–	935
Zheng Wanchun(iv)	3,210	116	–	3,326
Shi Yuzhu	815	–	–	815
Wu Di	155	–	–	155
Song Chunfeng(iii)	–	–	–	–
Weng Zhenjie	885	–	–	885
Yang Xiaoling	735	–	–	735
Zhao Peng	855	–	–	855
Xie Zhichun(iv)	960	–	–	960
Peng Xuefeng(iv)	915	–	–	915
Qu Xinjiu	925	–	–	925
Wen Qiuju(iv)	355	–	–	355
Song Huanzheng(iv)	245	–	–	245
Yeung Chi Wai(iv)	143	–	–	143
Yuan Guijun(iv)	2,956	116	–	3,072
Zhang Juntong(iv)	2,954	116	–	3,070
Yang Yu(i)(ii)	2,359	116	–	2,475
Lu Zhongnan	790	–	–	790
Li Yu	795	–	–	795
Wang Yugui(iv)	785	–	–	785
Zhao Fugao(iii)	–	–	–	–
Zhang Liqing	735	–	–	735
Gong Zhijian	1,977	116	–	2,093
Liu Jipeng(iv)	810	–	–	810
Li Hancheng(iv)	818	–	–	818
Liu Ningyu(iv)	770	–	–	770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments *(continued)*

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows (continued):

(i) The Bank defers part of the performance remuneration of the Executive Directors, the Chairman and the Vice-chairman of the Supervisory Board, which is not included in the above disclosure. Refer to Note 9 for deferred payment matters.

(ii) The emoluments before tax of the Executive Directors, the Chairman and Vice Chairman are pending for the approval of the Compensation and Remuneration Committee of the Board of Directors, the Bank will make further disclosure upon approval. The amount of the emoluments not accrued is not expected to have significant impacts on the Group's 2023 financial statements.

(iii) During the Reporting Period, Mr. Song Chunfeng has not received remuneration as a Director, and Mr. Zhao Fugao has not received remuneration as a Supervisor.

(iv) On 9 June 2023, Ms. Wen Qiuju was elected as an Independent Non-Executive Director of the Bank, and her qualification was approved by the NFRA in August 2023. Mr. Liu Ningyu ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Song Huanzheng was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in August 2023. Mr. Li Hancheng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Yeung Chi Wai, Jason was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in October 2023. Mr. Liu Jipeng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Cheng Fengchao was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in February 2024. Mr. Peng Xuefeng ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

On 9 June 2023, Mr. Liu Hanxing was elected as an Independent Non-Executive Director of the Bank, and his qualification was approved by the NFRA in March 2024. Mr. Xie Zhichun ceased to serve as an Independent Non-Executive Director of the Bank due to the expiration of his term of office.

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments *(continued)*

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows (continued):

On 12 March 2024, Mr. Zheng Wanchun resigned from the positions of a Vice Chairman, an Executive Director and President of the Bank, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Risk Management Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Yuan Guijun resigned from the positions of an Executive Director and an Executive Vice President of the Bank, as well as a member of the Risk Management Committee and the Related Party Transactions Supervision Committee of the Board due to retirement upon reaching the prescribed age.

On 12 March 2024, Mr. Zhang Juntong resigned from the positions of Chairman of the Board of Supervisors and an Employee Supervisor of the Bank, as well as a member of the special committees of the Board of Supervisors due to work adjustment.

On 12 March 2024, Mr. Wang Yugui resigned from the positions of an External Supervisor of the Bank and a member of the special committees of the Board of Supervisors due to the expiration of his term of office for a cumulative of six years.

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments *(continued)*

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows (continued):

For the year ended 31 December 2022 (in thousands of RMB)

	Year ended 31 December 2022			
	Basic salaries, allowances and other benefits	Contributions to pension schemes	Discretionary bonus	Total
Gao Yingxin[(i)(ii)]	3,781	110	2,263	6,154
Zhang Hongwei	980	–	–	980
Lu Zhiqiang	980	–	–	980
Liu Yonghao	980	–	–	980
Zheng Wanchun[(i)(ii)]	3,355	110	2,073	5,538
Shi Yuzhu	860	–	–	860
Wu Di	940	–	–	940
Song Chunfeng[(iii)]	–	–	–	–
Weng Zhenjie	920	–	–	920
Yang Xiaoling	760	–	–	760
Zhao Peng	895	–	–	895
Liu Jipeng	1,005	–	–	1,005
Li Hancheng	1,105	–	–	1,105
Xie Zhichun	1,015	–	–	1,015
Peng Xuefeng	965	–	–	965
Liu Ningyu	1,240	–	–	1,240
Qu Xinjiu	965	–	–	965
Yuan Guijun[(i)(ii)]	3,090	110	1,733	4,933
Zhang Juntong[(i)(ii)]	3,088	110	1,393	4,591
Yang Yu[(i)(ii)]	2,441	110	899	3,450
Lu Zhongnan	765	–	–	765
Li Yu	765	–	–	765
Wang Yugui	760	–	–	760
Zhao Fugao[(iii)]	–	–	–	–
Zhang Liqing	710	–	–	710
Gong Zhijian	2,427	110	880	3,417
Zhao Linghuan[(iv)]	498	–	–	498

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments *(continued)*

(1) The aggregate of the emoluments before individual income tax in respect of the directors and supervisors who held office during the year is as follows (continued):

(i) The Bank defers part of the performance remuneration of the Executive Directors, the Chairman the Vice-chairman of the Supervisory Board, which is not included in the above disclosure. Refer to Note 9 for deferred payment matters.

(ii) The total pre-tax remuneration of the executive director, chairman of the Board of Supervisors and vice-chairman of the Board of Supervisors on full salary of the Bank has been approved by the Compensation and Appraisal Committee of the Board of Directors. The bank has made a supplementary disclosure in the Supplementary Announcement of China Minsheng Banking Corporation Limited in 2022. The relevant compensation amounts have been restated.

(iii) During the Reporting Period, Mr. Song Chunfeng has not received remuneration as a Director, and Mr. Zhao Fugao has not received remuneration as a Supervisor.

(iv) On 1 September 2022, Mr. Zhao Linghuan ceased to act as a Supervisor and a member of related special committee under the Board of Supervisors of the Bank due to his personal time and attention allocation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.9 Directors and supervisors' emoluments *(continued)*

(2) None of the five individuals with the highest emoluments for the year ended 31 December 2023 were directors or supervisors of the Bank (2022: None of the five individuals with the highest emoluments were directors or supervisors of the Bank). The aggregate of the emoluments in respect of the five individuals during the year was as follows (in thousands of RMB):

	Year ended 31 December	
	2023	2022
Basic salaries, allowances and benefits	**8,972**	2,617
Contributions to pension schemes	**415**	309
Discretionary bonus	**22,006**	40,303
Total	**31,393**	43,229

The number of the five highest paid individuals whose emoluments fell within the following bands is set out below:

	Year ended 31 December	
	2023	2022
From RMB5,000,001 to RMB7,000,000	**4**	–
From RMB7,000,001 to RMB9,000,000	**1**	4
Over RMB9,000,001	**–**	1

The Group had not paid any emoluments to the directors or supervisors or any of the five highest-paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.10 Income tax expense

	Year ended 31 December	
	2023	2022
Current income tax for the year	**956**	4,963
Deferred income tax (Note 4.22)	**416**	(3,570)
Total	**1,372**	1,393

Reconciliation between income tax expense and accounting profit of the Group is listed as follows:

		Year ended 31 December	
		2023	2022
Profit before income tax		**37,358**	37,170
Income tax at the tax rate of 25%		**9,340**	9,293
Effect of non-taxable income	(a)	**(10,095)**	(9,445)
Effect of non-deductible expenses	(b)	**2,601**	2,609
Effect of interest expense on perpetual debt		**(860)**	(808)
Settlement variance and others		**386**	(256)
Income tax expense		**1,372**	1,393

(a) The non-taxable income mainly represents interest income arising from PRC government bonds and municipal bonds, as well as dividends arising from fund investments, which are exempted from income tax.

(b) It mainly includes tax effects of losses written-off that are not deductible before tax, as well as business entertainment expenses and deposit insurance premiums in excess of their respective pre-tax deductible limits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.10 Income tax expense *(continued)*

OECD Pillar Two model rules

In December 2021, the OECD published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (the "Pillar Two").

The Group is within the scope of the Pillar Two rules. Since the Pillar Two legislation was not effective in the locations of the Group at 31 December 2023, the Group is not required to recognise the related current income tax for the year 2023. Meanwhile, the Group applies the exception of recognising and disclosing information about deferred tax assets and liabilities related to the Pillar Two income taxes, as provided in the amendments to IAS 12-Income Taxes issued in May 2023. The Group is currently analysing the potential impact of Pillar Two.

4.11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity shareholders of the Bank by the weighted average number of issued ordinary shares during the period. Diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity shareholders of the Bank by the adjusted weighted average number of ordinary shares in issue.

The Bank issued non-cumulative preference shares and perpetual bonds in 2019, 2021 and 2022 respectively under the terms and conditions as detailed in Note 4.35 Preference Shares and Note 4.36 Perpetual Bonds.

The conversion feature of the preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 31 December 2023 and 31 December 2022, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation for the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit for the year attributable to equity holders of the Bank	**35,823**	35,269
Less: profit for the year attributable to other equity instrument holders of the Bank	**(4,316)**	(4,106)
Net profit attributable to ordinary equity holders of the Bank	**31,507**	31,163
Weighted average number of ordinary shares in issue (in millions)	**43,782**	43,782
Basic/Diluted earnings per share (in RMB Yuan)	**0.72**	0.71

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.12 Cash and balances with central bank

	31 December 2023	31 December 2022
Cash	**7,002**	6,983
Balances with central bank		
Mandatory reserve deposits	**291,972**	311,294
Surplus reserve deposits	**90,705**	19,301
Fiscal deposits and others	**556**	837
Subtotal	**383,233**	331,432
Interest accrued	**132**	137
Total	**390,367**	338,552

The Group places mandatory reserve deposits in accordance with the relevant provisions of PBOC or local regulators. The mandatory reserve deposits are not available for use in the Group's daily business.

As at 31 December 2023 the mandatory reserve deposits rate applicable to domestic branches of the Bank for RMB deposits is 7.0% (31 December 2022: 7.5%) and the reserve rate for foreign currency deposits is 4.0% (31 December 2022: 6.0%). The amount of mandatory reserve deposits of the subsidiaries and overseas branches of the Group are determined by local jurisdiction.

Surplus reserve deposits maintained with the PBOC is for the purposes of clearing interbank transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.13 Balances with banks and other financial institutions

	31 December 2023	31 December 2022
China mainland		
– Banks	**103,176**	67,859
– Other financial institutions	**5,136**	4,936
Subtotal	**108,312**	72,795
Overseas		
– Banks	**19,795**	14,324
– Other financial institutions	**1,452**	1,508
Subtotal	**21,247**	15,832
Interest accrued	**123**	86
Less: allowance for impairment losses	**(4)**	(8)
Total	**129,678**	88,705

For the years ended 31 December 2023 and 2022, the movements in carrying amount of book value and the impairment loss allowances of balances with banks and other financial institutions between stages were insignificant.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.14 Placements with banks and other financial institutions

	31 December 2023	31 December 2022
China mainland		
– Banks	**8,302**	8,489
– Other financial institutions	**142,298**	162,399
Subtotal	**150,600**	170,888
Overseas		
– Banks	**19,429**	9,247
– Other financial institutions	**3,866**	3,806
Subtotal	**23,295**	13,053
Interest accrued	**396**	355
Less: allowance for impairment losses	**(1,513)**	(1,862)
Total	**172,778**	182,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.14 Placements with banks and other financial institutions *(continued)*

Movements in allowance for impairment losses of placements with banks and other financial institutions

	Year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2023	**(585)**	**–**	**(1,277)**	**(1,862)**
Net reversal/(charge)	**48**	**–**	**(271)**	**(223)**
Write-offs and transfer out	**–**	**–**	**572**	**572**
Balance as at 31 December 2023	**(537)**	**–**	**(976)**	**(1,513)**

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(411)	–	(1,178)	(1,589)
Net charge	(172)	–	(99)	(271)
Others	(2)	–	–	(2)
Balance as at 31 December 2022	(585)	–	(1,277)	(1,862)

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.15 Derivatives

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

(1) The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

	31 December 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign exchange derivatives	**2,554,436**	**22,130**	**(22,011)**
Interest rate derivatives	**1,916,448**	**1,733**	**(676)**
Precious metal derivatives	**70,252**	**908**	**(6,585)**
Others	**1,352**	**26**	**(4)**
Total		**24,797**	**(29,276)**

	31 December 2022		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign exchange derivatives	2,311,820	29,129	(26,883)
Interest rate derivatives	1,428,101	2,889	(589)
Precious metal derivatives	70,434	1,836	(5,186)
Others	1,456	24	(17)
Total		33,878	(32,675)

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4 Notes to the consolidated financial statements *(continued)*

4.15 Derivatives *(continued)*

(2) Hedges

		31 December 2023		
		Notional amount	Fair value Assets	Fair value Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	**14,378**	**148**	**(136)**
Fair value hedges				
– Interest Rate swap contracts	(b)	**64,261**	**968**	**(84)**
Total			**1,116**	**(220)**

		31 December 2022		
		Notional amount	Fair value Assets	Fair value Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	6,498	150	–
Fair value hedges				
– Interest Rate swap contracts	(b)	28,353	1,603	(1)
Total			1,753	(1)

(a) The Group uses foreign exchange swaps to hedge against cash flow fluctuations arising from its exposures to foreign exchange risks. The hedged items include foreign bond investments of the Group, loans and advances denominated in foreign currencies, and foreign currency lending to other banks and financial institutions. For the years ended 31 December 2023 and 2022, the accumulative profits or losses recognised in other comprehensive income arising from fair value changes of cash flow hedging instruments were insignificant.

(b) The Group uses interest rate swaps to hedge against changes in fair value of fixed rate bonds. For the years ended 31 December 2023 and 2022, the fair value changes of hedging instruments and the net gains or losses arising from the hedged risk relating to the hedged items, which were the ineffective part of fair value hedging recognised in fair value changes, were insignificant.

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4 Notes to the consolidated financial statements *(continued)*

4.15 Derivatives *(continued)*

(3) Credit risk weighted amount

	31 December 2023	31 December 2022
Credit risk weighted amount for counterparty	**16,361**	20,968

The credit risk weighted amount represents the counterparty credit risk associated with derivative transactions and is calculated with reference to the guidelines issued by the former CBIRC. The amount calculated is dependent on, among other factors, the credit worthiness of the counterparty and the maturity characteristics of each type of contract. The credit risk weighted amounts stated above have taken the effects of netting arrangements into account.

4.16 Financial assets held under resale agreements

Financial assets held under resale agreements are listed as follows according to collateral:

	31 December 2023	31 December 2022
Bonds	**35,325**	2,549
Others	**435**	464
Subtotal	**35,760**	3,013
Interest accrued	**39**	25
Less: allowance for impairment losses	**(26)**	(28)
Total	**35,773**	3,010

For the years ended 31 December 2023 and 2022, the transfer of book value and the allowance for impairment losses of financial assets held under resale agreements between stages were insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.17 Loans and advances to customers

		31 December 2023	31 December 2022
Measured at amortised cost:			
Corporate loans and advances			
– Corporate loans		**2,337,357**	2,144,501
Personal loans and advances			
– Micro lending	(1)	**651,788**	621,598
– Residential mortgage		**546,300**	573,274
– Credit cards		**487,973**	462,788
– Others		**81,461**	84,208
Gross balance		**1,767,522**	1,741,868
Less: allowance for impairment losses		**(96,793)**	(97,639)
Subtotal		**4,008,086**	3,788,730
Measured at fair value through other comprehensive income:			
Corporate loans and advances			
– Corporate loans		**2,419**	8,717
– Discounted bills		**277,579**	246,058
Subtotal		**279,998**	254,775
Interest accrued		**35,824**	29,477
Total		**4,323,908**	4,072,982

(1) Micro lending is a loan product offered to the micro enterprise owners and proprietors.

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.17 Loans and advances to customers

(1) Loans and advances to customers (excluding interest accrued) analysed by types of collateral

	31 December 2023		31 December 2022	
	Amount	(%)	Amount	(%)
Unsecured loans	**1,249,400**	**28.50**	1,130,796	27.31
Guaranteed loans	**774,541**	**17.66**	671,437	16.21
Loans secured by				
– Tangible assets other than monetary assets	**1,757,179**	**40.07**	1,750,267	42.27
– Monetary assets	**603,757**	**13.77**	588,644	14.21
Total	**4,384,877**	**100.00**	4,141,144	100.00

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.17 Loans and advances to customers *(continued)*

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

	31 December 2023				
	Less than 3 months	3to months 1 year	1 to 3 years	More than 3 years	Total
Unsecured loans	**15,008**	**12,647**	**3,638**	**1,729**	**33,022**
Guaranteed loans	**4,494**	**2,373**	**4,844**	**753**	**12,464**
Loans secured by					
– Tangible assets other than monetary assets	**7,774**	**17,064**	**13,571**	**1,639**	**40,048**
– Monetary assets	**577**	**270**	**418**	**1,105**	**2,370**
Total	**27,853**	**32,354**	**22,471**	**5,226**	**87,904**
% of total loans and advances to customers	**0.63**	**0.74**	**0.51**	**0.12**	**2.00**

	31 December 2022				
	Less than 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured loans	14,037	9,305	4,493	1,111	28,946
Guaranteed loans	2,012	4,917	4,722	893	12,544
Loans secured by					
– Tangible assets other than monetary assets	6,167	11,233	15,827	1,637	34,864
– Monetary assets	292	3,025	2,027	663	6,007
Total	22,508	28,480	27,069	4,304	82,361
% of total loans and advances to customers	0.54	0.69	0.66	0.10	1.99

Overdue loans represent loans of which the principal or interest are overdue for 1 day or more.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.17 Loans and advances to customers *(continued)*

(3) Movements in allowance for impairment losses

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

	Year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2023	**(23,379)**	**(33,602)**	**(40,658)**	**(97,639)**
Transfer:				
to stage 1	**(3,066)**	**2,597**	**469**	**–**
to stage 2	**554**	**(721)**	**167**	**–**
to stage 3	**429**	**8,901**	**(9,330)**	**–**
Net charge	**(556)**	**(2,574)**	**(36,619)**	**(39,749)**
Write-offs and transfer out	**–**	**–**	**48,161**	**48,161**
Recoveries of amounts previously written off	**–**	**–**	**(9,343)**	**(9,343)**
Others	**(15)**	**(23)**	**1,815**	**1,777**
Balance as at 31 December 2023	**(26,033)**	**(25,422)**	**(45,338)**	**(96,793)**

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(20,197)	(37,076)	(46,533)	(103,806)
Transfer:				
to stage 1	(3,802)	3,303	499	–
to stage 2	998	(1,310)	312	–
to stage 3	722	10,456	(11,178)	–
Net charge	(1,016)	(8,858)	(31,812)	(41,686)
Write-offs and transfer out	–	–	53,757	53,757
Recoveries of amounts previously written off	–	–	(7,141)	(7,141)
Others	(84)	(117)	1,438	1,237
Balance as at 31 December 2022	(23,379)	(33,602)	(40,658)	(97,639)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.17 Loans and advances to customers *(continued)*

(3) Movements in allowance for impairment losses *(continued)*

(b) Movements in allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income are as follows:

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(361)	(10)	(858)	(1,229)
Net reversal/(charge)	162	8	(237)	(67)
Write-offs and transfer out	–	–	645	645
Balance as at 31 December 2023	(199)	(2)	(450)	(651)

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(286)	(104)	(912)	(1,302)
Net (charge)/reversal	(75)	94	(28)	(9)
Write-offs and transfer out	–	–	162	162
Recoveries of amounts previously written off	–	–	(80)	(80)
Balance as at 31 December 2022	(361)	(10)	(858)	(1,229)

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments

		31 December 2023	31 December 2022
Financial assets at fair value through profit or loss	(1)	**320,547**	389,070
Financial assets measured at amortised cost	(2)	**1,531,024**	1,363,589
Financial assets at fair value through other comprehensive income	(3)	**420,571**	473,211
Total		**2,272,142**	2,225,870

(1) Financial assets at fair value through profit or loss

		31 December 2023	31 December 2022
Held for trading purpose			
Debt securities			
Government		**7,999**	1,843
Policy banks		**35,215**	3,253
Banks and non-bank financial institutions		**37,429**	16,225
Corporates		**50,859**	78,685
Subtotal		**131,502**	100,006
Equity investments		**1,931**	1,695
Investment funds	(a)	**–**	8,835
Subtotal		**133,433**	110,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(1) Financial assets at fair value through profit or loss *(continued)*

		31 December 2023	31 December 2022
Other financial assets at fair value through profit or loss			
Debt securities			
Corporates		**3,207**	3,062
Banks and non-bank financial institutions		**11,382**	9,573
Equity investments		**17,706**	19,732
Investment funds	(a)	**131,557**	226,617
Trust and asset management plans	(b)	**17,185**	14,185
Others		**6,077**	5,365
Subtotal		**187,114**	278,534
Total		**320,547**	389,070
Listed		**142,246**	103,000
– Of which: listed in Hong Kong		**3,910**	7,787
Unlisted		**178,301**	286,070
Total		**320,547**	389,070

Debt securities traded in China Domestic Interbank Bond Market are classified as listed bonds.

(a) As at 31 December 2023 and 31 December 2022, the underlying investment funds primarily include public bond funds and public money market funds.

(b) As at 31 December 2023 and 31 December 2022, the underlying assets of trust and asset management plans primarily include bonds and others (Note 10.2 (9)).

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(2) Financial assets measured at amortised cost

		31 December 2023	31 December 2022
Debt securities			
Government		**1,123,735**	987,915
Policy banks		**102,354**	74,922
Banking and non-banking financial institutions		**56,251**	30,472
Corporates		**190,416**	199,825
Subtotal		**1,472,756**	1,293,134
Trust and asset management plans	(a)	**34,670**	49,789
Debt financing plans		**9,935**	11,398
Others		**4,034**	2,708
Interest accrued		**19,839**	17,852
Less: allowance for impairment losses		**(10,210)**	(11,292)
Total		**1,531,024**	1,363,589
Listed		**1,460,835**	1,284,826
– Of which: listed in Hong Kong		**10,602**	6,384
Unlisted		**60,560**	72,203
Interest accrued		**19,839**	17,852
Less: allowance for impairment losses		**(10,210)**	(11,292)
Total		**1,531,024**	1,363,589

(a) As at 31 December 2023 and 31 December 2022, the underlying assets of trust and asset management plans primarily are credit assets (Note 10.2 (9)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(2) Financial assets measured at amortised cost *(continued)*

Movements in allowance for impairment losses

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(1,500)	(925)	(8,867)	(11,292)
Transfer				
to stage 3	15	485	(500)	–
Net (charge)/reversal	(569)	100	(3,374)	(3,843)
Write-offs and transfer out	–	–	3,981	3,981
Recoveries of amounts previously written off	–	–	(104)	(104)
Others	38	–	1,010	1,048
Balance as at 31 December 2023	(2,016)	(340)	(7,854)	(10,210)

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(1,809)	(496)	(12,321)	(14,626)
Transfer				
to stage 2	58	(58)	–	–
to stage 3	6	67	(73)	–
Net reversal/(charge)	343	(438)	(3,943)	(4,038)
Write-offs and transfer out	–	–	8,201	8,201
Recoveries of amounts previously written off	–	–	(700)	(700)
Others	(98)	–	(31)	(129)
Balance as at 31 December 2022	(1,500)	(925)	(8,867)	(11,292)

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(3) Financial assets at fair value through other comprehensive income

	31 December 2023	31 December 2022
Debt securities		
Government	**138,080**	142,060
Policy banks	**5,757**	27,957
Banks and non-bank financial institutions	**141,893**	163,628
Corporates	**121,943**	123,856
Subtotal	**407,673**	457,501
Equity investments	**8,471**	10,592
Interest accrued	**4,427**	5,118
Total	**420,571**	473,211
Listed	**389,848**	438,614
– Of which: listed in Hong Kong	**28,183**	49,013
Unlisted	**26,296**	29,479
Interest accrued	**4,427**	5,118
Total	**420,571**	473,211

The Group designates certain non-trading equity investments as financial assets at fair value through other comprehensive income. For the year ended 31 December 2023, dividend income of RMB47 million (for the year ended 31 December 2022: RMB64 million) recognised for such equity investments was included in the profit or loss. The amount transferred from other comprehensive income to retained earnings on disposal of such equity instruments was RMB92 million for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB129 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(3) Financial assets at fair value through other comprehensive income *(continued)*

Fair value

	31 December 2023	31 December 2022
Debt securities		
Cost	414,890	469,061
Cumulative amount of change in fair value that is accrued to other comprehensive income	(2,790)	(6,442)
Fair value	412,100	462,619
Equity investment		
Cost	5,407	8,270
Cumulative amount of change in fair value that is accrued to other comprehensive income	3,064	2,322
Fair value	8,471	10,592
Total	420,571	473,211

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.18 Financial investments *(continued)*

(3) Financial assets at fair value through other comprehensive income *(continued)*

Movements in allowance for impairment losses

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	(749)	(14)	(1,058)	(1,821)
Transfer:				
to stage 2	2	(2)	–	–
Net reversal/(charge)	24	(50)	(394)	(420)
Write-offs and transfer out	–	–	119	119
Others	(54)	–	–	(54)
Balance as at 31 December 2023	(777)	(66)	(1,333)	(2,176)

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(656)	(84)	(1,833)	(2,573)
Transfer:				
to stage 2	1	(1)	–	–
to stage 3	2	78	(80)	–
Net charge	(57)	(7)	(306)	(370)
Write-offs and transfer out	–	–	1,161	1,161
Others	(39)	–	–	(39)
Balance as at 31 December 2022	(749)	(14)	(1,058)	(1,821)

As at 31 December 2023, the financial assets at fair value through other comprehensive income included credit-impaired financial assets of which carrying amount was RMB885 million (31 December 2022: RMB1,139 million), with allowance for impairment losses of RMB1,333 million (31 December 2022: RMB1,058 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.19 Long-term receivables

	31 December 2023	31 December 2022
Finance lease receivables	**27,634**	28,092
Sales and leaseback receivables	**110,698**	101,933
Less: unearned finance lease income	**(16,119)**	(15,088)
Present value of minimum finance lease receivables	**122,213**	114,937
Less: allowance for impairment losses	**(2,779)**	(3,481)
Total	**119,434**	111,456

(1) Finance lease receivables are analysed by the remaining terms as follows:

		31 December 2023	31 December 2022
Indefinite	(a)	**8,280**	8,889
Less than 1 year		**57,444**	52,666
1 year to 2 years		**37,680**	35,586
2 years to 3 years		**18,107**	17,127
3 years to 5 years		**9,604**	9,089
More than 5 years		**7,217**	6,668
Total		**138,332**	130,025

(a) The amount represents the balances being impaired or overdue for more than one month.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.19 Long-term receivables *(continued)*

(2) Movements in allowance for impairment losses of long-term receivables:

	Year ended 31 December 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2023	**(642)**	**(862)**	**(1,977)**	**(3,481)**
Transfer:				
to stage 1	**(19)**	**9**	**10**	**–**
to stage 2	**5**	**(7)**	**2**	**–**
to stage 3	**3**	**352**	**(355)**	**–**
Net (charge)/reversal	**(13)**	**72**	**(1,243)**	**(1,184)**
Write-offs and transfer out	**–**	**–**	**2,039**	**2,039**
Recoveries of amounts previously written off	**–**	**–**	**(112)**	**(112)**
Others	**(41)**	**–**	**–**	**(41)**
Balance as at 31 December 2023	**(707)**	**(436)**	**(1,636)**	**(2,779)**

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(1,503)	(1,250)	(1,410)	(4,163)
Transfer:				
to stage 1	(57)	35	22	–
to stage 2	128	(182)	54	–
to stage 3	66	325	(391)	–
Net reversal/(charge)	722	210	(2,832)	(1,900)
Write-offs and transfer out	–	–	2,652	2,652
Others	2	–	(72)	(70)
Balance as at 31 December 2022	(642)	(862)	(1,977)	(3,481)

4.20 Property and equipment

	31 December 2023	31 December 2022
Property and equipment	**60,484**	58,889
Property and equipment to be disposed	**6**	7
Total	**60,490**	58,896

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For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.20 Property and equipment *(continued)*

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2023	22,469	4,007	9,301	467	42,488	7,921	86,653
Increase	33	623	1,443	36	3,636	811	6,582
CIP transfers	847	–	–	–	–	(847)	–
Decrease and other movement	(4)	(709)	(572)	(33)	(1,522)	–	(2,840)
Balance as at 31 December 2023	23,345	3,921	10,172	470	44,602	7,885	90,395
Accumulated depreciation							
Balance as at 1 January 2023	(6,456)	(2,775)	(7,027)	(390)	(10,452)	–	(27,100)
Increase	(741)	(596)	(830)	(22)	(1,968)	–	(4,157)
Decrease and other movement	2	742	541	30	967	–	2,282
Balance as at 31 December 2023	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Impairment losses							
Balance as at 1 January 2023	–	–	–	–	(594)	(70)	(664)
Increase	–	–	–	–	(41)	(342)	(383)
Decrease and other movement	–	–	–	–	112	(1)	111
Balance as at 31 December 2023	–	–	–	–	(523)	(413)	(936)
Carrying amount							
Balance as at 1 January 2023	16,013	1,232	2,274	77	31,442	7,851	58,889
Balance as at 31 December 2023	16,150	1,292	2,856	88	32,626	7,472	60,484

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.20 Property and equipment *(continued)*

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2022	22,249	4,135	8,705	470	38,315	7,523	81,397
Increase	238	519	1,020	22	3,418	1,193	6,410
CIP transfers	3	–	–	–	–	(3)	–
Decrease and other movement	(21)	(647)	(424)	(25)	755	(792)	(1,154)
Balance as at 31 December 2022	22,469	4,007	9,301	467	42,488	7,921	86,653
Accumulated depreciation							
Balance as at 1 January 2022	(5,729)	(2,860)	(6,860)	(392)	(8,272)	–	(24,113)
Increase	(729)	(520)	(567)	(22)	(1,909)	–	(3,747)
Decrease and other movement	2	605	400	24	(271)	–	760
Balance as at 31 December 2022	(6,456)	(2,775)	(7,027)	(390)	(10,452)	–	(27,100)
Impairment losses							
Balance as at 1 January 2022	–	–	–	–	(503)	–	(503)
Increase	–	–	–	–	(44)	(70)	(114)
Decrease and other movement	–	–	–	–	(47)	–	(47)
Balance as at 31 December 2022	–	–	–	–	(594)	(70)	(664)
Carrying amount							
Balance as at 1 January 2022	16,520	1,275	1,845	78	29,540	7,523	56,781
Balance as at 31 December 2022	16,013	1,232	2,274	77	31,442	7,851	58,889

As at 31 December 2023 and 31 December 2022, the Group did not have any property and equipment which were acquired by means of finance lease or held for sale.

As at 31 December 2023, there were still certain properties and buildings, with a carrying value of RMB341 million (31 December 2022: RMB458 million), in the process of registration for certificates of ownership. The management believes such proceedings would not weaken the Group's rights to these assets nor have any significant impact on the Group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.21 Lease contract

(1) Right-of-use assets

	Buildings	Office equipment and others	Land use rights	Total
Original cost				
Balance as at 1 January 2023	18,646	71	4,646	23,363
Increase	3,766	33	–	3,799
Decrease	(3,254)	(9)	–	(3,263)
Balance as at 31 December 2023	19,158	95	4,646	23,899
Accumulated depreciation/ amortization				
Balance as at 1 January 2023	(8,799)	(25)	(1,393)	(10,217)
Increase	(2,896)	(11)	(118)	(3,025)
Decrease	2,614	8	–	2,622
Balance as at 31 December 2023	(9,081)	(28)	(1,511)	(10,620)
Carrying amount				
Balance as at 1 January 2023	9,847	46	3,253	13,146
Balance as at 31 December 2023	10,077	67	3,135	13,279

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(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.21 Lease contract *(continued)*

(1) Right-of-use assets *(continued)*

	Buildings	Office equipment and others	Land use rights	Total
Original cost				
Balance as at 1 January 2022	17,677	64	4,646	22,387
Increase	2,944	16	–	2,960
Decrease	(1,975)	(9)	–	(1,984)
Balance as at 31 December 2022	18,646	71	4,646	23,363
Accumulated depreciation/ amortization				
Balance as at 1 January 2022	(6,981)	(24)	(1,277)	(8,282)
Increase	(3,067)	(8)	(116)	(3,191)
Decrease	1,249	7	–	1,256
Balance as at 31 December 2022	(8,799)	(25)	(1,393)	(10,217)
Carrying amount				
Balance as at 1 January 2022	10,696	40	3,369	14,105
Balance as at 31 December 2022	9,847	46	3,253	13,146

(2) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	**9,560**	9,426

As at 31 December 2023, the Group's lease payments relating to lease contracts signed but yet to be executed amounted to RMB113 million (31 December 2022: RMB71 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.22 Deferred income tax assets and liabilities

(1) Deferred income tax items

	31 December 2023	31 December 2022
Deferred income tax assets	54,592	55,701
Deferred income tax liabilities	(214)	(236)
Total	54,378	55,465

(2) Deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

	31 December 2023		31 December 2022	
	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred income tax assets				
Asset impairment allowance	50,886	203,545	51,775	207,280
Employee benefits payable	3,488	13,952	3,502	14,009
Fair value losses of derivatives	7,244	28,975	8,168	32,674
Fair value losses of financial assets at fair value through other comprehensive loss	272	1,088	802	3,209
Financial assets at fair value through profit or loss	2,062	8,247	2,099	8,394
Lease liabilities	2,387	9,568	2,355	9,444
Others	1,069	4,284	363	1,477
Subtotal	67,408	269,659	69,064	276,487

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.22 Deferred income tax assets and liabilities *(continued)*

(2) Deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows: *(continued)*

	31 December 2023		31 December 2022	
	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences
Deferred income tax liabilities				
Fair value gains of derivatives	(5,895)	(23,578)	(7,989)	(31,958)
Fair value gain of financial assets at fair value through other comprehensive income	(920)	(3,681)	(779)	(3,117)
Financial assets at fair value through profit or income	(3,508)	(14,112)	(2,156)	(8,866)
Right-of-use assets	(2,533)	(10,152)	(2,472)	(9,911)
Others	(174)	(640)	(203)	(815)
Subtotal	(13,030)	(52,163)	(13,599)	(54,667)
Deferred income tax assets, net	54,378	217,496	55,465	221,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.22 Deferred income tax assets and liabilities *(continued)*

(3) **Movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:**

	Asset impairment allowance	Fair value losses	Others	Gross deferred income tax assets	Gross deferred income tax liabilities
Balance as at 1 January 2023	**51,775**	**11,069**	**6,220**	**69,064**	**(13,599)**
Recognised in profit or loss	**(889)**	**(961)**	**724**	**(1,126)**	**710**
Recognised in other comprehensive income	**–**	**(530)**	**–**	**(530)**	**(141)**
Balance as at 31 December 2023	**50,886**	**9,578**	**6,944**	**67,408**	**(13,030)**
Balance as at 1 January 2022	49,521	7,090	6,104	62,715	(11,058)
Recognised in profit or loss	2,254	3,283	116	5,653	(2,083)
Recognised in other comprehensive income	–	696	–	696	(458)
Balance as at 31 December 2022	51,775	11,069	6,220	69,064	(13,599)

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(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.23 Investment in subsidiaries

(1) Directly held subsidiaries

	31 December 2023	31 December 2022
Minsheng Financial Leasing Co., Ltd. ("Minsheng Financial Leasing")	**3,302**	3,302
CMBC International Holdings Limited ("CMBC International")	**3,494**	3,494
Minsheng Royal Fund Limited ("Minsheng Royal Fund")	**190**	190
CMBC Wealth Management Co., Ltd. ("CMBC Wealth Management")	**5,000**	5,000
Pengzhou Rural Bank Co., Ltd. ("Pengzhou Rural Bank")	**20**	20
Cixi Rural Bank Co., Ltd. ("Cixi Rural Bank")	**107**	107
Songjiang Rural Bank Co., Ltd. ("Songjiang Rural Bank")	**70**	70
Qijiang Rural Bank Co., Ltd. ("Qijiang Rural Bank")	**30**	30
Tongnan Rural Bank Co., Ltd. ("Tongnan Rural Bank")	**25**	25
Meihekou Rural Bank Co., Ltd. ("Meihekou Rural Bank")	**169**	169
Ziyang Rural Bank Co., Ltd. ("Ziyang Rural Bank")	**172**	172
Jiangxia Rural Bank Co., Ltd. ("Jiangxia Rural Bank")	**41**	41
Changyuan Rural Bank Co., Ltd. ("Changyuan Rural Bank")	**26**	26
Yidu Rural Bank Co., Ltd. ("Yidu Rural Bank")	**26**	26
Jiading Rural Bank Co., Ltd. ("Jiading Rural Bank")	**102**	102
Zhongxiang Rural Bank Co., Ltd. ("Zhongxiang Rural Bank")	**36**	36
Penglai Rural Bank Co., Ltd. ("Penglai Rural Bank")	**51**	51
Anxi Rural Bank Co., Ltd. ("Anxi Rural Bank")	**74**	74
Funing Rural Bank Co., Ltd. ("Funing Rural Bank")	**52**	52
Taicang Rural Bank Co., Ltd. ("Taicang Rural Bank")	**76**	76
Ningjin Rural Bank Co., Ltd. ("Ningjin Rural Bank")	**20**	20
Zhangpu Rural Bank Co., Ltd. ("Zhangpu Rural Bank")	**25**	25
Puer Rural Bank Co., Ltd. ("Puer Rural Bank")	**15**	15
Jinghong Rural Bank Co., Ltd. ("Jinghong Rural Bank")	**60**	60
Zhidan Rural Bank Co., Ltd. ("Zhidan Rural Bank")	**7**	7
Ningguo Rural Bank Co., Ltd. ("Ningguo Rural Bank")	**20**	20
Yuyang Rural Bank Co., Ltd. ("Yuyang Rural Bank")	**25**	25
Guichi Rural Bank Co., Ltd. ("Guichi Rural Bank")	**26**	26
Tiantai Rural Bank Co., Ltd. ("Tiantai Rural Bank")	**31**	31
Tianchang Rural Bank Co., Ltd. ("Tianchang Rural Bank")	**20**	20
Tengchong Rural Bank Co., Ltd. ("Tengchong Rural Bank")	**20**	20
Xiang'an Rural Bank Co., Ltd. ("Xiang'an Rural Bank")	**36**	36
Linzhi Rural Bank Co., Ltd. ("Linzhi Rural Bank")	**45**	13
Total	**13,413**	13,381

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.23 Investment in subsidiaries *(continued)*

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Minsheng Financial Leasing		Tianjin China	Leasing	RMB 5,095 million	54.96%	54.96%
CMBC International		Hong Kong China	Investment banking	HKD 4,207 million	100.00%	100.00%
Minsheng Royal Fund		Guangdong China	Fund management	RMB 300 million	63.33%	63.33%
CMBC Wealth Management		Beijing China	Wealth Management	RMB 5,000 million	100.00%	100.00%
Pengzhou Rural Bank	(a)	Sichuan China	Commercial bank	RMB 55 million	36.36%	36.36%
Cixi Rural Bank		Zhejiang China	Commercial bank	RMB 189 million	64.68%	64.68%
Songjiang Rural Bank	(a)	Shanghai China	Commercial bank	RMB 150 million	35.00%	35.00%
Qijiang Rural Bank	(b)	Chongqing China	Commercial bank	RMB 61.57 million	48.73%	51.27%
Tongnan Rural Bank	(a)	Chongqing China	Commercial bank	RMB 50 million	50.00%	50.00%
Meihekou Rural Bank		Jilin China	Commercial bank	RMB 193 million	95.36%	95.36%
Ziyang Rural Bank		Sichuan China	Commercial bank	RMB 211 million	81.41%	81.41%
Jiangxia Rural Bank		Hubei China	Commercial bank	RMB 86 million	51.00%	51.00%
Changyuan Rural Bank		Henan China	Commercial bank	RMB 50 million	51.00%	51.00%
Yidu Rural Bank		Hubei China	Commercial bank	RMB 52.4 million	51.00%	51.00%
Jiading Rural Bank		Shanghai China	Commercial bank	RMB 200 million	51.00%	51.00%

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.23 Investment in subsidiaries *(continued)*

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Zhongxiang Rural Bank		Hubei China	Commercial bank	RMB 70 million	51.00%	51.00%
Penglai Rural Bank		Shandong China	Commercial bank	RMB 100 million	51.00%	51.00%
Anxi Rural Bank		Fujian China	Commercial bank	RMB 128 million	57.99%	57.99%
Funing Rural Bank		Jiangsu China	Commercial bank	RMB 85 million	51.00%	51.00%
Taicang Rural Bank		Jiangsu China	Commercial bank	RMB 135 million	51.00%	51.00%
Ningjin Rural Bank		Hebei China	Commercial bank	RMB 40 million	51.00%	51.00%
Zhangpu Rural Bank		Fujian China	Commercial bank	RMB 50 million	51.00%	51.00%
Puer Rural Bank		Yunnan China	Commercial bank	RMB 30 million	51.00%	51.00%
Jinghong Rural Bank		Yunnan China	Commercial bank	RMB 75 million	80.40%	80.40%
Zhidan Rural Bank		Shaanxi China	Commercial bank	RMB 15 million	51.00%	51.00%
Ningguo Rural Bank	(c)	Anhui China	Commercial bank	RMB 41.6 million	51.00%	51.00%
Yuyang Rural Bank	(d)	Shaanxi China	Commercial bank	RMB 59.4 million	51.00%	51.00%
Guichi Rural Bank	(e)	Anhui China	Commercial bank	RMB 53 million	51.00%	51.00%
Tiantai Rural Bank		Zhejiang China	Commercial bank	RMB 60 million	51.00%	51.00%

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.23 Investment in subsidiaries *(continued)*

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Tianchang Rural Bank	(f)	Anhui China	Commercial bank	RMB 43.68 million	51.00%	51.00%
Tengchong Rural Bank		Yunnan China	Commercial bank	RMB 52 million	51.00%	51.00%
Xiang'an Rural Bank		Fujian China	Commercial bank	RMB 77 million	51.00%	51.00%
Linzhi Rural Bank	(g)	Tibet China	Commercial bank	RMB 56.6 million	86.11%	86.11%

(a) Although the Bank holds half or less than half of the voting rights in these rural banks, it has the majority of the seats in their boards of directors, which enables it to govern their operating policies. These companies are regarded as the Bank's subsidiaries and have been consolidated in these financial statements.

(b) Some natural person shareholders and the Bank signed a concerted action agreement, stipulating that the parties should take "concerted action" in the general meeting of shareholders. Therefore, the Bank acquires control over Qijiang Rural Bank and classifies the investment in Qijiang Rural Bank as investment in a subsidiary.

(c) Ningguo Rural Bank converted RMB1.60 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2023, the registered capital of Ningguo Rural Bank was RMB41.60 million as it had completed the registration of changes with industry and commerce authorities.

(d) Yuyang Rural Bank converted RMB5.40 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2023, the registered capital of Yuyang Rural Bank was RMB59.40 million as it had completed the registration of changes with industry and commerce authorities.

(e) Guichi Rural Bank converted RMB3 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2023, the registered capital of Guichi Rural Bank was RMB53 million as it had completed the registration of changes with industry and commerce authorities.

(f) Tianchang Rural Bank converted RMB3.68 million retained earnings to paid-in capital. After the increase of capital, the Bank's ownership of equity shares and voting rights in this subsidiary remains at 51%. As at 31 December 2023, the registered capital of Tianchang Rural Bank was RMB43.68 million as it had completed the registration of changes with industry and commerce authorities.

(g) In June 2023, Linzhi Rural Bank confirmed the capital injection from the Bank of RMB31.60 million. After the capital injection, the Bank's ownership of equity shares and voting rights of Linzhi Rural Bank increased to 86.11%. As at 31 December 2023, the registered capital of Linzhi Rural Bank was RMB56.60 million as it had completed the registration of changes with industry and commerce authorities.

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4 Notes to the consolidated financial statements *(continued)*

4.24 Other assets

		31 December 2023	31 December 2022
Interest receivable	(1)	**7,499**	7,274
Items in the process of clearance and settlement		**6,653**	6,401
Other debt receivables and advances		**5,799**	4,715
Prepayments for leased assets	(2)	**5,472**	5,263
Foreclosed assets	(3)	**5,299**	5,479
Fee and commission receivable		**3,147**	4,153
Investment properties		**2,969**	3,006
Prepayment		**2,737**	1,855
Intangible assets	(4)	**2,730**	2,301
Research and development engineering		**2,328**	1,247
Long-term deferred expenses		**1,795**	1,413
Legal costs receivable		**1,243**	1,277
Continuously involved assets		**1,038**	1,038
Assets transfer receivable		**603**	232
Goodwill	(5)	**208**	205
Operating lease receivable		**169**	168
Others		**4,760**	4,440
Subtotal		**54,449**	50,467
Less: allowance for impairment losses			
– Foreclosed assets		**(752)**	(959)
– Others		**(4,255)**	(3,632)
Total		**49,442**	45,876

(1) In accordance with the requirements of the Notice on the Revision and Issuance of the Format of Financial Statements of Financial Enterprises in 2018, the interests of financial instruments at the reporting date are listed in the financial instruments using the effective interest rate method. Interests of relevant financial instruments which were past due but have not been collected at the reporting date are listed in other assets.

(2) Prepayments for leased assets are the prepayments made by the Group for acquiring leased assets which would be finance leased out or operating leased out.

(3) Foreclosed assets include buildings, land use rights and transportation facilities. The Group disposed foreclosed assets of RMB2,339 million for the year ended 31 December 2023 (For the year ended 31 December 2022: RMB1,426 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.24 Other assets *(continued)*

(4) Intangible assets

	Year ended 31 December 2023	Year ended 31 December 2022
Cost		
Balance as at 1 January	**7,790**	6,659
Increase	**1,338**	1,131
Decrease	**(14)**	–
Balance as at 31 December	**9,114**	7,790
Accumulated amortization		
Balance as at 1 January	**(5,489)**	(4,742)
Increase	**(908)**	(747)
Decrease	**13**	–
Balance as at 31 December	**(6,384)**	(5,489)
Carrying amount		
Balance as at 1 January	**2,301**	1,917
Balance as at 31 December	**2,730**	2,301

(5) Goodwill arising from CMBC International

	Year ended 31 December 2023	Year ended 31 December 2022
Balance as at 1 January	**205**	188
Exchange difference	**3**	17
Balance as at 31 December	**208**	205

As at 31 December 2023 and 31 December 2022, no impairment loss of the Group's goodwill is recognised.

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4 Notes to the consolidated financial statements *(continued)*

4.25 Allowances for impairment losses

	Note 4	Year ended 31 December 2023 Balances as at 1 January 2023	Net (reversal)/ charge for the year	Write-offs and transfer out	Other	Balances as at 31 December 2023
Balances with banks and other financial institutions	13	**8**	**(6)**	**–**	**2**	**4**
Placements with banks and other financial institutions	14	**1,862**	**223**	**(572)**	**–**	**1,513**
Financial assets held under resale agreements	16	**28**	**(2)**	**–**	**–**	**26**
Loans and advances to customers	17	**98,868**	**39,816**	**(48,806)**	**7,566**	**97,444**
Financial investments	18	**13,113**	**4,263**	**(4,100)**	**(890)**	**12,386**
Long-term receivables	19	**3,481**	**1,184**	**(2,039)**	**153**	**2,779**
Property and equipment	20	**664**	**383**	**–**	**(111)**	**936**
Other assets	24	**4,591**	**1,997**	**(1,583)**	**2**	**5,007**
Total		**122,615**	**47,858**	**(57,100)**	**6,722**	**120,095**

	Note 4	Year ended 31 December 2022 Balances as at 1 January 2022	Net charge for the year	Write-offs and transfer out	Other	Balances as at 31 December 2022
Balances with banks and other financial institutions	13	8	1	–	(1)	8
Placements with banks and other financial institutions	14	1,589	271	–	2	1,862
Financial assets held under resale agreements	16	20	8	–	–	28
Loans and advances to customers	17	105,108	41,695	(53,919)	5,984	98,868
Financial investments	18	17,199	4,408	(9,362)	868	13,113
Long-term receivables	19	4,163	1,900	(2,652)	70	3,481
Property and equipment	20	503	114	–	47	664
Other assets	24	4,064	1,043	(553)	37	4,591
Total		132,654	49,440	(66,486)	7,007	122,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.26 Deposits and placements from banks and other financial institutions

	31 December 2023	31 December 2022
China mainland		
Banks	**108,030**	196,106
Other financial institutions	**1,044,337**	1,200,610
Overseas		
Banks	**55,831**	38,617
Other financial institutions	**27,384**	37,327
Subtotal	**1,235,582**	1,472,660
Interest accrued	**6,477**	6,381
Total	**1,242,059**	1,479,041

4.27 Financial liabilities at fair value through profit or loss

		31 December 2023	31 December 2022
Financial liabilities related to precious metals		**2,320**	1,645
Financial liabilities designated at fair value through profit or loss	(1)	**33,475**	–
Others		**32**	270
Total		**35,827**	1,915

(1) As at 31 December 2023, financial liabilities designated at fair value through profit or loss are interests attributable to other unitholders in consolidated structured entities. For the year ended 2023, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss attributable to the changes in the Group's own credit risk.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.28 Borrowings from banks and other financial institutions

	31 December 2023	31 December 2022
Unsecured borrowings	**100,224**	88,333
Borrowings secured by		
– Tangible assets and monetary assets	**14,722**	16,323
Subtotal	**114,946**	104,656
Interest accrued	**769**	573
Total	**115,715**	105,229

As at 31 December 2023 and 31 December 2022, the secured borrowings were secured by property and equipment and finance lease receivables as collateral; the above collateral has been included in the disclosure of assets pledged (Note 6.3(1)).

4.29 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements by underlying assets are shown as follows:

	31 December 2023	31 December 2022
Bonds	**132,510**	55,617
Bills rediscounted	**58,271**	48,163
Subtotal	**190,781**	103,780
Interest accrued	**352**	360
Total	**191,133**	104,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 Notes to the consolidated financial statements *(continued)*

4.30 Deposits from customers

	31 December 2023	31 December 2022
Demand deposits		
– Corporate customers	**1,024,828**	1,014,133
– Personal customers	**295,892**	289,671
Time deposits (including call deposits)		
– Corporate customers	**2,044,103**	1,952,242
– Personal customers	**910,695**	730,873
Certificates of deposit	**4,976**	4,159
Outward remittance and remittance payables	**2,509**	2,449
Subtotal	**4,283,003**	3,993,527
Interest accrued	**70,278**	58,065
Total	**4,353,281**	4,051,592

The pledged deposits included in deposits from customers are analysed as follows:

	31 December 2023	31 December 2022
Pledged deposits for bank acceptances	**209,868**	184,557
Pledged deposits for letters of credit and guarantees	**24,313**	16,429
Other pledged deposits	**33,553**	49,234
Total	**267,734**	250,220

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(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.31 Provisions

		31 December 2023	31 December 2022
Credit loss of off-balance sheet credit commitments	(1)	**1,212**	1,844
Litigation provision		**459**	517
Others		**116**	95
Total		**1,787**	2,456

(1) The movements of credit loss of off-balance sheet credit commitments are as follows:

	Year ended 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	**(1,424)**	**(344)**	**(76)**	**(1,844)**
Transfer:				
to stage 1	**(104)**	**89**	**15**	**–**
to stage 2	**28**	**(31)**	**3**	**–**
to stage 3	**15**	**97**	**(112)**	**–**
Net reversal	**420**	**43**	**169**	**632**
Balance as at 31 December 2023	**(1,065)**	**(146)**	**(1)**	**(1,212)**

	Year ended 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	(1,227)	(524)	(83)	(1,834)
Transfer:				
to stage 1	(133)	109	24	–
to stage 2	29	(33)	4	–
to stage 3	12	84	(96)	–
Net (charge)/reversal	(102)	20	75	(7)
Other movements	(3)	–	–	(3)
Balance as at 31 December 2022	(1,424)	(344)	(76)	(1,844)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.32 Debt securities issued

		31 December 2023	31 December 2022
Certificates of interbank deposit		**474,754**	446,888
Financial bonds	(1)	**105,577**	99,992
Tier-two capital bonds	(2)	**89,992**	89,991
Medium-term and short-term notes	(3)	**1,996**	7,658
Subtotal		**672,319**	644,529
Interest accrued		**3,507**	3,578
Total		**675,826**	648,107

For the years ended 31 December 2023 and 2022, there were no overdue principal and interest or other defaults with respect to these bonds. None of these bonds are secured.

(1) Financial bonds

		31 December 2023	31 December 2022
2023-3-year fixed rate financial bonds	(a)	**19,997**	–
2023-3-year fixed rate financial bonds	(b)	**1,596**	–
2023-3-year fixed rate financial bonds	(c)	**1,595**	–
2023-3-year fixed rate financial bonds	(d)	**2,393**	–
2022-3-year fixed rate financial bonds	(e)	**19,999**	19,998
2021-3-year fixed rate financial bonds	(f)	**29,998**	29,997
2021-3-year fixed rate financial bonds	(g)	**29,999**	29,997
2020-3-year fixed rate financial bonds	(h)	**–**	20,000
Total		**105,577**	99,992

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.32 Debt securities issued *(continued)*

(1) Financial bonds *(continued)*

(a) RMB20 billion worth of fixed-rate financial bonds were issued on 18 May 2023, with a term of 3 years, and a fixed coupon rate of 2.68% per annum.

(b) RMB2 billion worth of fixed-rate financial bonds were issued on 20 March 2023, with a term of 3 years, and a fixed coupon rate of 3.40% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.

(c) RMB2 billion worth of fixed-rate financial bonds were issued on 25 May 2023, with a term of 3 years, and a fixed coupon rate of 3.27% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.

(d) RMB3 billion worth of fixed-rate financial bonds were issued on 25 July 2023, with a term of 3 years, and a fixed coupon rate of 3.19% per annum. This bond is issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB600 million.

(e) RMB20 billion worth of fixed-rate financial bonds were issued on 7 April 2022, with a term of 3 years, and a fixed coupon rate of 2.95% per annum.

(f) RMB30 billion worth of fixed-rate financial bonds were issued on 8 December 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum.

(g) RMB30 billion worth of fixed-rate financial bonds were issued on 10 November 2021, with a term of 3 years, and a fixed coupon rate of 3.02% per annum.

(h) RMB20 billion worth of fixed-rate financial bonds were issued on 18 March 2020, with a term of 3 years, and a fixed coupon rate of 2.75% per annum. The Bank repaid all of them on 20 March 2023.

(2) Tier-two capital bonds

		31 December 2023	31 December 2022
2020-10-year fixed rate tier-two capital bonds	(a)	**49,996**	49,996
2019 1st tranche-10-year fixed rate tier-two capital bonds	(b)	**39,996**	39,995
Total		**89,992**	89,991

(a) Tier-two capital bonds with a nominal value of RMB50 billion, a term of 10 years, and a fixed coupon rate of 3.75% per annum, were issued on 24 June 2020. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

(b) Tier-two capital bonds with a nominal value of RMB40 billion, a term of 10 years, and a fixed coupon rate of 4.48% per annum, were issued on 27 February 2019. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.32 Debt securities issued *(continued)*

(3) Medium-term and short-term notes

		31 December 2023	31 December 2022
2023-2-year medium-term notes	(a)	**1,996**	–
2020-3-year medium-term notes	(b)	**–**	3,480
2018-5-year medium-term notes	(c)	**–**	4,178
Total		**1,996**	7,658

(a) Medium-term notes with a nominal value of RMB2 billion of medium-term notes were issued on 10 January 2023, with a term of 2 years. The coupon rate is 3.15%.

(b) Medium-term notes with a nominal value of USD500 million of medium-term notes were issued on 22 October 2020, with a term of 3 years, floating interest rate. The Bank repaid all of them on 22 October 2023.

(c) Medium-term notes with a nominal value of USD600 million of medium-term notes were issued on 9 March 2018, with a term of 5 years. The coupon rate is 5.77%. The Bank repaid all of them on 9 March 2023.

4.33 Other liabilities

		31 December 2023	31 December 2022
Items in the process of clearance and settlement		**15,380**	16,134
Employee benefits payable	(1)	**14,439**	14,414
Lease payments received in advance		**7,918**	7,225
Other tax payable	(2)	**3,774**	4,679
Output value added tax to be transferred		**2,740**	4,039
Notes payable		**2,138**	2,211
Accrued expenses		**1,693**	942
Payable to the leasing company		**1,378**	1,334
Continuously involved liabilities		**1,038**	1,038
Payable for long-term assets		**328**	231
Deferred fee and commission income		**317**	251
Intermediate collection and payment		**281**	495
Others		**3,216**	5,208
Total		**54,640**	58,201

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.33 Other liabilities *(continued)*

(1) Employee benefits payable

	1 January 2023	Increase	Decrease	31 December 2023
Short-term employee benefits				
– Salaries, bonuses and allowances	13,766	24,063	(24,035)	13,794
– Staff welfare fees	–	1,662	(1,662)	–
– Social insurance (a) and supplementary insurance	176	1,615	(1,658)	133
– Housing fund	129	1,760	(1,763)	126
– Labour union fee, staff and workers' education fee	41	548	(547)	42
Subtotal	14,112	29,648	(29,665)	14,095
Post-employment benefits -defined contribution plans				
– Basic pension insurance plans	159	2,054	(2,049)	164
– Unemployment insurance	21	63	(63)	21
– Annuity scheme (b)	122	716	(679)	159
Subtotal	302	2,833	(2,791)	344
Total	14,414	32,481	(32,456)	14,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.33 Other liabilities *(continued)*

(1) Employee benefits payable *(continued)*

	1 January 2022	Increase	Decrease	31 December 2022
Short-term employee benefits				
– Salaries, bonuses and allowances	12,395	24,691	(23,320)	13,766
– Staff welfare fees	–	1,403	(1,403)	–
– Social insurance (a) and supplementary insurance	160	1,077	(1,061)	176
– Housing fund	98	1,520	(1,489)	129
– Labour union fee, staff and workers' education fee	40	553	(552)	41
Subtotal	12,693	29,244	(27,825)	14,112
Post-employment benefits -defined contribution plans				
– Basic pension insurance plans	124	1,764	(1,729)	159
– Unemployment insurance	19	59	(57)	21
– Annuity scheme (b)	71	650	(599)	122
Subtotal	214	2,473	(2,385)	302
Total	12,907	31,717	(30,210)	14,414

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.33 Other liabilities *(continued)*

(1) Employee benefits payable *(continued)*

(a) Social insurance includes medical insurance, maternity insurance and employment injury insurance.

(b) For the year ended 31 December 2023, the contributions to the annuity schemes of the Bank and some subsidiaries were calculated at 3% of the employees' total annual salary (For the year ended 31 December 2022: 3%).

The Group has set up a defined contribution plan for its Hong Kong employees in accordance with the contribution rates prescribed by local regulations.

(2) Other tax payable

	31 December 2023	31 December 2022
Value added tax	**2,706**	2,967
Others	**1,068**	1,072
Total	**3,774**	4,039

4.34 Share capital and capital reserve

	31 December 2023	31 December 2022
Ordinary shares listed in China mainland (A shares)	**35,462**	35,462
Ordinary shares listed in Hong Kong (H shares)	**8,320**	8,320
Total shares	**43,782**	43,782

All A shares and H shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

The Group's capital reserve of RMB58,149 million as at 31 December 2023 and 31 December 2022, mainly represents capital premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.35 Preference Shares

(1) Outstanding Preference Shares at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency	In RMB	Maturity	Conversion condition	Conversion
Domestic Preference Shares	15/10/2019	Equity	4.38%	RMB 100/ Share	200	20,000	20,000	None	Mandatory	None
Total							20,000			
Less: Issue fees							(25)			
Book value							19,975			

(2) Domestic Preference Shares Main Clauses

(a) Dividend

The non-public offering domestic preference shares (the "Domestic Preference Shares") adopts the dividend rate that can be adjusted in stages, with 5 years as a dividend rate adjustment period, and within a dividend rate adjustment period, dividends are paid at the same dividend rate as agreed. The dividend rate for the first dividend rate adjustment period will be determined by enquiry. The dividend rate of the Domestic Preference Shares shall not be higher than the annual weighted average return on net assets of the Bank in the last two fiscal years. The nominal dividend rate includes two parts: the benchmark interest rate and the fixed premium. The fixed premium is the dividend rate determined at the time of issuance minus the benchmark interest rate at the time of issuance. Dividends are paid annually.

(b) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends. The Issuer shall have the right to cancel, in whole or in part, distributions of dividends and any such cancellation shall not constitute an event of default. Any cancellation of any distribution, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

4 Notes to the consolidated financial statements *(continued)*

4.35 Preference Shares *(continued)*

(2) Domestic Preference Shares Main Clauses *(continued)*

(c) Dividend stopper

The Bank will not pay dividends to the ordinary shareholders unless the Bank resolves to pay a full dividend on the current preference shares.

(d) Order of distribution and liquidation method

The Domestic Preference Shareholders have priority over the ordinary shareholders in the distribution of the Bank's remaining property, but the order of repayment is ranked after the depositors, general creditors and subordinated debts (including but not limited to subordinated debts, mixed capital bonds and secondary capital instruments).

(e) Mandatory conversion trigger events

If the core tier one capital adequacy ratio of the Bank falls to 5.125% (or below), the Domestic Preference Shares will be converted into A-share common shares in full or in part, so as to restore the core tier one capital adequacy ratio to more than 5.125%. In the case of partial conversion, all the Domestic Preference Shares shall be converted to shares on the same conditions in proportion.

When the earlier of the following two situations occurs, the Domestic Preference Shares will be converted into A-share common shares in full: (1) the banking regulatory authority under the State Council determines that the Bank will not survive without the conversion; (2) the relevant departments determine that the Bank will not survive without the public sector's capital injection or the support of the same effect.

(f) Redemption

With the prior approval of the banking regulatory authority under the State Council, the Bank may exercise the right of redemption under the following circumstances: (1) use the same or higher quality capital instruments to replace the redeemed Domestic Preference Shares, and the Bank's income ability is sustainable; (2) or the capital level after the exercise of the right of redemption is still significantly higher than the regulatory capital requirements specified by the banking regulatory authority under the State Council. The redemption price is the sum of the nominal amount and the dividend that has been resolved to be paid but has not been paid in the current period.

The Bank has the right to redeem all or part of the domestic Preferred Shares on the preferred stock dividend date of each year, starting from the date of expiration of 5 years after the issue date (i.e., 15 October 2019), and the redemption period shall expire on the date of conversion or redemption in full. In the case of partial redemption, all domestic preferred shares issued will be redeemed on the same terms and in proportion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.35 Preference Shares *(continued)*

(2) Domestic Preference Shares Main Clauses *(continued)*

(g) Dividend setting mechanism

Non-cumulative dividend is a dividend on preference shares, which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Bank will not participate the distribution of residual profits with ordinary shareholders. The Domestic Preference Shares holders are prioritised on dividend distribution over ordinary shareholders.

The dividend of the Domestic Preference Shares shall be paid in cash once a year. The interest starting date is the payment deadline of preference stock investors (18 October 2019). The dividend payment day shall be the day of every full year since the deadline for payment of preference stock investors. In case of any legal holiday or rest day in China, it shall be postponed to the next trading day, and the dividend payable during the extended period shall not be charged with additional interest.

(3) Changes in preference shares outstanding

	1 January 2023		**Movements**		**31 December 2023**	
	Amount (million shares)	**Book value**	**Amount (million shares)**	**Book value**	**Amount (million shares)**	**Book value**
Domestic Preference Shares	**200**	**19,975**	**–**	**–**	**200**	**19,975**

	1 January 2022		Movements		31 December 2022	
	Amount (million shares)	Book value	Amount (million shares)	Book value	Amount (million shares)	Book value
Domestic Preference Shares	200	19,975	–	–	200	19,975

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.36 Perpetual Bonds

(1) Outstanding Perpetual Bonds at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million pieces)	In original currency	In RMB	Maturity	Conversion condition	Conversion
2019 Undated Capital Bonds	30/05/2019	Equity	4.85%	100 RMB/ Note	400	40,000	40,000	None	None	None
Total							40,000			
Less: Issue fees							(7)			
Book value							39,993			
2021 Undated Capital Bonds (Series 1)	19/04/2021	Equity	4.30%	100 RMB/ Note	300	30,000	30,000	None	None	None
Total							30,000			
Less: Issue fees							(4)			
Book value							29,996			
2022 Undated Capital Bonds (Series 1)	14/06/2022	Equity	4.20%	100 RMB/ Note	50	5,000	5,000	None	None	None
Total							5,000			
Less: Issue fees							(2)			
Book value							4,998			
Total							74,987			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.36 Perpetual Bonds *(continued)*

(2) Main Clauses

(a) Principal Amount

2019 Undated Tier 1 Capital Bonds RMB40 billion.

2021 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

2022 Undated Tier 1 Capital Bonds-Series 1 RMB5 billion.

(b) Maturity Date

The Bonds will continue to be outstanding so long as the Issuer's business continues to operate.

(c) Distribution Rate

The Distribution Rate of the Bonds will be adjusted at defined intervals, with a Distribution Rate Adjustment Period every 5 years since the Payment Settlement Date. In any Distribution Rate Adjusted Period, the Distribution Payments on the Bonds will be made at a prescribed fixed Distribution Rate. The Distribution Rate at the time of issuance will be determined by book running and centralized allocation.

The Distribution Rate is determined by a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China Treasury Notes (rounded up to 0.01%) published on ChinaBond.com.cn or other websites approved by the China Central Depository & Clearing Co., Ltd. The fixed spread is the difference between the Distribution Rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

(d) Conditional Redemption Rights of the Issuer

The Bonds Issuance sets conditional Redemption Rights for the Issuer. From the fifth anniversary since the issuance of the Bonds, the Issuer may redeem the Bonds in whole or in part on each Distribution Payment Date (including the fifth Distribution Payment Date since the Issuance). If, after the Issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Issuer may redeem all but not part of the Bonds.

(e) Subordination

The claims in respect of the Bonds, in the event of a winding-up of the Issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Issuer's shareholders and rank pari passu with the claims in respect of any other Tier 1 Capital instruments of the Issuer that rank pari passu with the Bonds. If subsequent amendments to the PRC Enterprise Bankruptcy Law or relevant regulations are applicable, such relevant laws and regulations shall prevail.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.36 Perpetual Bonds *(continued)*

(2) Main Clauses *(continued)*

(f) Distribution Payment

The Issuer shall have the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Issuer will take into full consideration the interest of the Bondholders. The Issuer may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the Bonds, no matter in whole or in part, will not impose any other restriction on the Issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

The Bonds do not have any step-up mechanism or any other incentive to redeem.

(g) Put Option

Put Option of investors is not applicable.

4.37 Related information attributable to the holders of equity instruments

Preference shares and perpetual bonds issued by the Bank are classified as equity instruments and are listed in the consolidated balance sheet under shareholders' equity. In accordance with the relevant regulations of the former CBIRC, the preferred shares and perpetual bonds issued by the Bank have met the criteria of qualifying other Tier 1 capital instruments.

Interests attributable to the holders of equity instruments

	31 December 2023	31 December 2022
Total equity attributable to equity holders of the Bank	**624,602**	599,928
Equity attributable to ordinary equity holders of the Bank	**529,640**	504,966
Equity attributable to other equity holders of the Bank	**94,962**	94,962
Total equity attributable to non-controlling interests	**13,199**	12,886
Equity attributable to non-controlling interests of ordinary shares	**13,199**	12,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.38 Surplus reserve, general reserve and retained earnings

(1) Surplus reserve

Under the PRC laws, Articles of the Bank and the resolution of the Board of Directors, the Bank is required to appropriate 10% of its net profit. Until the statutory surplus reserve reaches 50% of its registered capital, the Bank will still appropriate 10% of its net profit as statutory surplus reserve. Subject to the approval of the equity shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

The Group appropriated RMB3,529 million statutory surplus reserve for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB3,433 million).

(2) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the MOF, the Bank is required to provide for impairment losses of its assets and set aside a general reserve through the appropriation of net profits to cover potential losses against its assets. The general reserve is part of the equity shareholders' interests and should not be less than 1.5% of the year-end balance of risk-bearing assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations, which were included in the Group's general reserve.

The Group appropriated RMB4,743 million of profits to the general reserve for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB3,481 million).

(3) Retained earnings

As at 31 December 2023, the retained earnings included the statutory surplus reserve of RMB993 million contributed by the subsidiaries (31 December 2022: RMB848 million). The surplus reserve of the subsidiaries included in the retained earnings cannot be distributed.

4.39 Non-controlling interests

As at 31 December 2023, the non-controlling interests in the subsidiaries were RMB13,199 million (31 December 2022: RMB12,886 million).

4 Notes to the consolidated financial statements *(continued)*

4.40 Dividends/Interests

(1) Dividends for Ordinary Shares

The Board of directors proposed the profit distribution plan for year 2023 in the meeting held on 28 March 2024. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividend declared was RMB2.16 (including tax) for every 10 shares. A total dividend of RMB9,457 million (including tax) was based on the total number of shares of 43,782 million as on 31 December 2023. The plan is yet to be reviewed and approved by the shareholders in the annual general meeting of the Bank.

The shareholders approved the cash dividends distribution plan for 2022 at the Annual General Meeting on 9 June 2023. The cash dividends declared was RMB2.14 (tax inclusive) for every 10 shares. A total dividend of RMB9,369 million (tax inclusive) was based on total number of shares of 43,782 million as at the record dates.

(2) Dividends for Preference Shares

According to the resolution on the distribution of dividends for domestic preference shares passed at the Board of Directors' meeting held on 30 August 2023, dividend approved was amounted to RMB876 million (including tax), calculated at the coupon rate of 4.38% (including tax) before the first reset date pursuant to the terms and conditions of domestic preference shares. The dividend payment date was 18 October 2023.

According to the resolution on the distribution of dividends for domestic preference shares passed at the Board of Directors' meeting held on 26 August 2022, dividend approved was amounted to RMB876 million (including tax), calculated at the coupon rate of 4.38% (including tax) before the first reset date pursuant to the terms and conditions of domestic preference shares. The dividend payment date was 18 October 2022.

(3) Interests for Perpetual Bonds

On 4 June 2023, the Bank declared interest for 2022 undated capital bonds. Interest approved amounted to RMB210 million (including tax), calculated at the initial annual pay-out ratio of 4.20% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 2 June 2023, the Bank declared interest for 2019 undated capital bonds. Interest approved amounted to RMB1,940 million (including tax), calculated at the initial annual pay-out ratio of 4.85% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 10 April 2023, the Bank declared interest for 2021 undated capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.40 Dividends/Interests *(continued)*

(3) Interests for Perpetual Bonds *(continued)*

On 23 May 2022, the Bank declared interest for 2019 undated tier 1 capital bonds. Interest approved amounted to RMB1,940 million (including tax), calculated at the initial annual pay-out ratio of 4.85% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 11 April 2022, the Bank declared interest for 2021 undated tier 1 capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

4.41 Other reserves

	Year ended 31 December	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income	**691**	2,176
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
Changes in fair value	**4,173**	(1,368)
Allowance for impairment losses	**(182)**	(881)
Amount transferred to profit or loss from other comprehensive income (a)	**(1,423)**	(1,995)
Less: Tax effect	**(715)**	240
Subtotal	**2,544**	(1,828)
Effective hedging portion of gains or losses arising from cash flow hedging instruments	**(24)**	10
Less: Tax effect	**6**	(2)
Subtotal	**(18)**	8
Exchange difference on translating foreign operations	**206**	974
Total	**2,732**	(846)

(a) It refers to the amount transferred to profit or loss due to disposal.

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the consolidated financial statements *(continued)*

4.41 Other reserves *(continued)*

Investment revaluation reserve and cash flow hedging reserve attributable to equity holders of the Bank in the consolidated statement of financial position:

	Attributable to equity shareholders of the Bank			
	Investment revaluation reserve	Cash flow hedging reserve	Exchange reserve	Total
1 January 2023	**(1,079)**	**1**	**466**	**(612)**
Movement during the year	**2,586**	**(18)**	**66**	**2,634**
31 December 2023	**1,507**	**(17)**	**532**	**2,022**
1 January 2022	573	(7)	(181)	385
Movement during the year	(1,652)	8	647	(997)
31 December 2022	(1,079)	1	466	(612)

4.42 Notes to the consolidated cash flow statement

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	31 December 2023	31 December 2022
Cash (Note 4.12)	**7,002**	6,983
Surplus deposit reserves with central bank (Note 4.12)	**90,705**	19,301
Balances with banks and other financial institutions – demand deposits	**109,925**	80,922
Original maturity within 3 months:		
– Balances with banks and other financial institutions	**4,347**	1,999
– Placements with banks and other financial institutions	**25,357**	19,100
Total	**237,336**	128,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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4 Notes to the consolidated financial statements *(continued)*

4.43 Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognized financial assets to third parties or to structured entities. In some cases these transfers may give rise to full or partial de-recognition of the financial assets concerned. In other cases where the transferred assets do not qualify for de-recognition as the Group retains substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

(1) Securitization transactions

The Group enters into securitization transactions by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed among other factors, whether or not to derecognize the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the year ended 31 December 2023, the Group transferred loans through securitisation transactions with gross balance of RMB10,524 million (For the year ended 31 December 2022: RMB8,252 million). These transactions were all qualified for full de-recognition concluded by the Group.

(2) Transfer of non-performing financial assets

For the year ended 31 December 2023, the Group transferred non-performing financial assets through disposal to third parties, with gross balance of RMB28,982 million (For the year ended 31 December 2022: RMB26,533 million). The Group transferred substantially all the risks and rewards of these non-performing financial assets and therefore has derecognized them.

(3) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or re-pledge these securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 31 December 2023, the carrying amount of debt securities lent to counterparties was RMB45,483 million (31 December 2022: RMB10,070 million).

5 Segment information

The Group conducts business activities in key business lines and geographical regions.

Segment assets, liabilities, revenues, and expenditures are measured following the Group's accounting policies and internal management rules. The items of each segment include those which can be directly attributable to the segment or can be assigned to the segment based on reasonable criteria.

As a part of the management of assets and liabilities, the Group's capital resources are allocated to various business segments through the Treasury Department of the Head Office. The Group's internal transfer pricing mechanism uses market interest rates as the benchmark and determines transfer prices concerning the internal capital pool. The impact of internal trading has been offset when preparing the consolidated statements.

Capital expenditures of each segment refer to spending relating to purchasing fixed assets, intangible assets, and other long-term assets during the reporting period.

5.1 Business segments

(a) Corporate banking — Providing banking products and services for corporate customers, government agencies and financial institutions. These products and services include corporate deposits, corporate loans, investment business, interbank business, financial markets business and various corporate intermediary business.

(b) Retail banking — Providing banking products and services for individual clients and small and micro-enterprises. These products and services include deposits and loans, credit and debit cards services, wealth management, private banking and various retail intermediary businesses.

(c) Others — Group's bond investments and money markets transactions which conducted on-demand for liquidity management, and those other businesses which cannot form a single reportable segment and businesses of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.1 Business segments *(continued)*

	Year ended 31 December 2023			
	Corporate banking	Retail banking	Others	Total
Operating income	68,348	62,316	6,727	137,391
Net interest income	51,813	50,737	(119)	102,431
Include: inter-segment net interest income/(expense)	18,037	(11,204)	(6,833)	–
Net fee and commission income	6,091	11,318	1,827	19,236
Net other income	10,444	261	5,019	15,724
Operating expenses	(13,396)	(21,687)	(17,724)	(52,807)
Credit impairment losses	(27,517)	(15,952)	(2,238)	(45,707)
Other impairment losses	(971)	(9)	(539)	(1,519)
Profit before income tax	26,464	24,668	(13,774)	37,358
Depreciation and amortisation	3,080	2,809	2,425	8,314
Capital expenditure	2,550	2,325	9,079	13,954

	As at 31 December 2023			
	Corporate banking	Retail banking	Others	Total
Segment assets	4,746,660	1,869,630	1,004,083	7,620,373
Include: Investments in associates				–
Deferred income tax assets				54,592
Total assets				7,674,965
Segment liabilities	(4,712,506)	(1,355,082)	(969,362)	(7,036,950)
Deferred income tax liabilities				(214)
Total liabilities				(7,037,164)
Credit commitments	734,613	545,007	–	1,279,620

(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.1 Business segments *(continued)*

	Year ended 31 December 2022			
	Corporate banking	Retail banking	Others	Total
Operating income	67,966	64,951	6,302	139,219
Net interest income	55,563	52,262	(362)	107,463
Include: inter-segment net interest income/(expense)	27,497	(19,504)	(7,993)	–
Net fee and commission income	5,939	12,445	1,890	20,274
Net other income	6,464	244	4,774	11,482
Operating expenses	(13,884)	(20,709)	(18,009)	(52,602)
Credit impairment losses	(24,221)	(21,212)	(3,329)	(48,762)
Other impairment losses	(571)	–	(114)	(685)
Profit before income tax	29,290	23,030	(15,150)	37,170
Depreciation and amortisation	2,815	2,690	2,300	7,805
Capital expenditure	2,629	2,512	8,062	13,203

	As at 31 December 2022			
	Corporate banking	Retail banking	Others	Total
Segment assets	4,406,031	1,785,335	1,008,606	7,199,972
Include: Investments in associates				–
Deferred income tax assets				55,701
Total assets				7,255,673
Segment liabilities	(4,822,844)	(1,152,965)	(666,814)	(6,642,623)
Deferred income tax liabilities				(236)
Total liabilities				(6,642,859)
Credit commitments	737,946	525,942	–	1,263,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.2 Geographical segments

The Group mainly operates in China mainland, with branches distributing across different provinces, autonomous regions and municipalities directly under the Central Government of the country. The Group also has a number of subsidiaries in China mainland and has one branch and subsidiaries in Hong Kong.

Head Office	Including head office, credit card centre and institutions directly under the head office
Yangtze River Delta	Including branches in Shanghai, Zhejiang Province and Jiangsu Province
Pearl River Delta	Including branches in Guangdong Province and Fujian Province
Bohai Rim	Including branches in Beijing, Tianjin, Shandong Province and Hebei Province
Northeastern Region	Including branches in Liaoning Province, Jilin Province and Heilongjiang Province
Central Region	Including branches in Shanxi Province, Henan Province, Hunan Province, Hubei Province, Anhui Province, Jiangxi Province and Hainan Province
Western Region	Including branches in Chongqing, Sichuan Province, Yunnan Province, Shanxi Province, Gansu Province, Guizhou Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region, Inner Mongolia Autonomous Region and Tibet Autonomous Region
Overseas and Subsidiaries	Including Hong Kong Branch and subsidiaries

(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.2 Geographical segments *(continued)*

	Year ended 31 December 2023		As at 31 December 2023
	Operating income	Profit before income tax	Segment assets (1)
Head Office	**45,538**	**8,610**	**3,369,881**
Yangtze River Delta	**23,333**	**7,521**	**1,260,635**
Pearl River Delta	**15,502**	**4,607**	**758,206**
Bohai Rim	**15,953**	**3,832**	**1,490,154**
Northeastern Region	**1,689**	**(2,362)**	**154,292**
Central Region	**11,650**	**6,240**	**563,519**
Western Region	**14,233**	**5,703**	**667,749**
Overseas and subsidiaries	**9,493**	**3,207**	**397,135**
Inter-segment elimination	**–**	**–**	**(1,041,198)**
Total	**137,391**	**37,358**	**7,620,373**

	Year ended 31 December 2022		As at 31 December 2022
	Operating income	Profit before income tax	Segment assets (1)
Head Office	42,044	3,603	3,245,459
Yangtze River Delta	23,163	9,475	1,231,497
Pearl River Delta	16,357	3,834	684,996
Bohai Rim	19,108	8,764	1,332,535
Northeastern Region	1,950	22	169,176
Central Region	11,121	3,905	545,393
Western Region	15,097	3,334	633,344
Overseas and subsidiaries	10,379	4,233	364,375
Inter-segment elimination	–	–	(1,006,803)
Total	139,219	37,170	7,199,972

(1) Segment assets do not include deferred tax assets.

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

6 Contingent liabilities and commitments

6.1 Credit commitments

Credit commitments take the form of approved loans with signed contracts, credit card limits, financial guarantees and letters of credit. The Group regularly assesses the contingent losses of its credit commitments and makes allowances where necessary.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties fail to fully perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the credit facilities may expire without being drawn upon, the contract amounts set out in the following table do not represent expected future cash outflows.

	31 December 2023	31 December 2022
Bank acceptances	**476,334**	495,920
Guarantees	**130,996**	134,395
Letters of credit	**107,030**	82,175
Unused credit card commitments	**514,685**	489,137
Irrevocable credit commitments		
– original maturity date within 1 year	**33,943**	40,938
– original maturity date over 1 year	**16,632**	21,323
Total	**1,279,620**	1,263,888

Details of credit loss of off-balance-sheet credit commitments (Note 4.31).

	31 December 2023	31 December 2022
Credit risk weighted amounts of credit commitments	**368,187**	359,477

(Expressed in millions of Renminbi, unless otherwise stated)

6 Contingent liabilities and commitments *(continued)*

6.2 Capital commitments

	31 December 2023	31 December 2022
Contracted but not paid for	**13,339**	25,339

6.3 Collateral

(1) Assets pledged

The book value of assets used as collateral for business such as borrowings from banks and other financial institutions, selling for repurchase, borrowings from central bank, derivative transactions and precious metal transactions are as follows:

	31 December 2023	31 December 2022
Balances with banks and other financial institutions	**5,224**	3,394
Loans and advances to customers	**2,062**	195,237
Discounted bills	**58,685**	48,539
Financial investments	**339,352**	61,244
Long-term receivables	**10,998**	15,701
Property and equipment	**8,701**	6,439
Total	**425,022**	330,554

As at 31 December 2023, except for assets pledged mentioned above, the amount of RMB1,384 million of the Group's Balances with banks and other financial institutions was mainly used as special funds for a subsidiary's business (31 December 2022: RMB1,232 million).

(2) Collateral received

The Group received debt securities, bills and others as collateral in connection with the purchase of assets under resale agreements and securities lending transactions. As at 31 December 2023, the Group had no collateral that was sold or lent to counterparties, but obligated to return (31 December 2022: Nil).

6 Contingent liabilities and commitments *(continued)*

6.4 Underwriting of securities

As at 31 December 2023, there was no unexpired underwriting commitment for the Group (31 December 2022: Nil).

6.5 Redemption commitments

As an underwriting agent of PRC government bonds, the Bank has the obligation to buy back those bonds sold should the holders decide to redeem the bonds early. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. The amount of redemption obligation, which represents the nominal value of government bonds underwritten and sold by the Bank, but not yet matured as at 31 December 2023 was RMB2,524 million (31 December 2022: RMB1,706 million). The original maturities of the bonds vary from one to five years.

6.6 Outstanding litigation

A number of outstanding litigation matters against the Group had arisen in the normal course of its business as at 31 December 2023 and 31 December 2022. The Group makes provisions for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 4.31).

(Expressed in millions of Renminbi, unless otherwise stated)

7 Interests in structured entities

7.1 Consolidated structured entities

As at 31 December 2023, the consolidated structured entities amounted to RMB80,977 million (31 December 2022: insignificant).

7.2 Unconsolidated structured entities

(1) Invested structured entities in which the Group holds an interest

Unconsolidated invested structured entities include asset-backed securities, funds, trust and asset management plans and others. The Group holds interests in these structured entities and has no obligation or intention to provide financial support to these structured entities, and the Group records interest income, net trading gain and net gain from investment securities therefrom.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets are recognised relating to the Group's interests in invested structured entities:

	31 December 2023			
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Total
Asset-backed securities	1,756	158,140	21,860	181,756
Funds	131,557	–	–	131,557
Trust and asset management plans	17,185	30,482	–	47,667
Others	5,278	–	–	5,278
Total	155,776	188,622	21,860	366,258

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For the year ended 31 December 2023
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7 Interests in structured entities *(continued)*

7.2 Unconsolidated structured entities *(continued)*

(1) Invested structured entities in which the Group holds an interest *(continued)*

	31 December 2022			
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Total
Asset-backed securities	1,448	184,301	30,193	215,942
Funds	235,452	–	–	235,452
Trust and asset management plans	14,185	43,061	–	57,246
Others	5,365	–	–	5,365
Total	256,450	227,362	30,193	514,005

The maximum exposures to loss in the above asset-backed securities, funds, trust and asset management plans and others are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the consolidated statement of financial positions.

(Expressed in millions of Renminbi, unless otherwise stated)

7 Interests in structured entities *(continued)*

7.2 Unconsolidated structured entities *(continued)*

(2) Interests held in structured entities sponsored and managed but not consolidated by the Group

Structured entities sponsored and managed but not consolidated by the Group primarily include wealth management products, funds and asset management plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. Interests held by the Group are mainly fees charged by providing management services. The Group has no obligation or intention to provide financial support to these structured entities.

As at 31 December 2023, the balance of wealth management products sponsored and managed but not consolidated by the Group is RMB867,693 million (31 December 2022: RMB883,977 million), and the balance of funds and asset management plans sponsored and managed but not consolidated by the Group is RMB107,869 million (31 December 2022: RMB161,998 million).

For the year ended 31 December 2023, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB3,141 million (For the year ended 31 December 2022: RMB4,756 million). As at 31 December 2023 and 31 December 2022, the carrying amounts of commission receivable being recognised are not material in the consolidated statement of financial positions.

8 Entrusted lending business

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	31 December 2023	31 December 2022
Entrusted loans	**275,968**	275,934
Entrusted funds	**275,968**	275,934

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9 Related parties

9.1 Related parties

(1) Related parties of the Group refer to entities controlled, or jointly controlled by or under significant influence of the Group; entities that control, jointly control or have significant influence over the Group; or entities with which the Group is under control, joint control or significant influence of another party. Related parties can be a natural person, corporate or unincorporated organization.

Related parties of the Group mainly include corporates or unincorporated organizations that hold or control more than 5% of the Bank's equity interests, and corporates or unincorporated organizations that hold less than 5% of the Bank's equity interests but have significant influence on the Bank, and the controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries of these entities as well as corporates or unincorporated organizations under the control of these entities; the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers (hereinafter referred to as "insiders of the Bank"), their close family members, and the corporates or unincorporated organizations controlled by the aforementioned persons; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; corporates or unincorporated organizations under control or significant influence of the Bank; and natural persons, corporates or unincorporated organizations identified by the Bank as being related on a substance over form basis and/or see-through basis.

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders

		31 December 2023		31 December 2022				
Company name	Registered location	No. of Shares of the Bank held by the Company (share)	Proportion of shares of the Bank held by the Company (%)	No. of Shares of the Bank held by the Company (share)	Proportion of shares of the Bank held by the Company (%)	Business (a)	Legal form	Legal representative
Dajia Life Insurance Inc.	Beijing	7,810,214,889	17.84	7,810,214,889	17.84	Insurance business	Joint stock limited company	He Xiaofeng
China Oceanwide Holdings Group Co., Ltd.	Beijing	1,803,182,618	4.12	1,803,182,618	4.12	Commercial service	Limited company	Lu Zhiqiang
Oceanwide International Equity Investment Limited	British Virgin Islands	401,457,117	0.92	604,300,950	1.38	Investment holding	Limited company	(b)
China Oceanwide International Investment Company Limited	Hong Kong	8,237,520	0.02	8,237,520	0.02	Investment holding	Limited company	(b)
Long Prosper Capital Company Limited	British Virgin Islands	6,676,000	0.02	138,442,500	0.32	Investment holding	Limited company	(b)
Shanghai Giant Lifetech Co., Ltd.	Shanghai	1,379,679,587	3.15	1,379,679,587	3.15	Retailing	Limited company	Wei Wei
Alpha Frontier Limited	Cayman Islands	713,501,653	1.63	713,501,653	1.63	Investment holding	Limited company	Zhang lv
Liberal Rise Limited	British Virgin Islands	84,522,480	0.19	84,522,480	0.19	Investment holding	Limited company	Shi Yuzhu
New Hope Liuhe Investment Co., Ltd.	Tibet	1,828,327,362	4.18	1,828,327,362	4.18	Commercial service	Limited company	Wang Pusong
South Hope Industrial Co., Ltd.	Tibet	343,177,327	0.78	343,177,327	0.78	Retailing	Limited company	Li Jianxiong
Tongfang Guoxin Investment Co., Ltd.	Chongqing	1,888,530,701	4.31	1,888,530,701	4.31	Commercial service	Limited company	Liu Qinqin
Chongqing International Trust Co., Ltd.	Chongqing	103,658,821	0.24	103,658,821	0.24	Other financial industry	Joint stock limited company	Weng Zhenjie
China Shipowners Mutual Assurance Association	Shanghai	1,324,284,453	3.02	1,324,284,453	3.02	Marine mutual insurance and services	National social group	Song Chunfeng

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9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders *(continued)*

Company name	Registered location	31 December 2023 No. of Shares of the Bank held by the Company (share)	31 December 2023 Proportion of shares of the Bank held by the Company (%)	31 December 2022 No. of Shares of the Bank held by the Company (share)	31 December 2022 Proportion of shares of the Bank held by the Company (%)	Business (a)	Legal form	Legal representative
Orient Group Incorporation	Heilongjiang	**1,280,117,123**	**2.92**	1,280,117,123	2.92	Agricultural and sideline food processing industry	Joint stock limited company	Sun Mingtao
Oriental Group Co., Ltd.	Beijing	**35,000,000**	**0.08**	35,000,000	0.08	Commercial service	Limited company	Zhang Xianfeng
Good First Group Co., Ltd.	Shanghai	**133,200,000**	**0.30**	268,340,026	0.61	Wholesaling	Limited company	Wu Di
Tibet Hengxun Corporate Management Co., Ltd.	Tibet	**80,500,000**	**0.18**	93,762,400	0.21	Commercial service	Limited company	Chen Jianjun
Tibet Fuju Enterprise Management Co., Ltd.	Tibet	**52,900,000**	**0.12**	187,802,400	0.43	Commercial service	Limited company	Chen Jianjun

(a) Particulars of principal operations:

Dajia Life Insurance Inc.: life insurance, health insurance, accident insurance and other types of life insurance business; reinsurance for the aforementioned business operations; business operations involving the use of insurance funds as permitted by relevant laws and regulations of the state; other business activities as approved by the former CBIRC.

China Oceanwide Holdings Group Co., Ltd.: finance; real estate and investment management, etc.

Oceanwide International Equity Investment Limited: investment holdings, etc.

China Oceanwide International Investment Co, Ltd.: investment holdings, etc.

Long Prosper Capital Company Limited: investment holdings, etc.

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders *(continued)*

(a) Particulars of principal operations *(continued)*:

Shanghai Giant Lifetech Co., Ltd.: food production and sales (through branch networks); sales of cosmetics, cleaning supplies, health care equipment, kitchenware; R&D, technological consultation, technological services and technology transfer in relation to health care food; wholesale non-physical means of pre-packaged food (excluding pre-cooked food and sauced food, frozen and refrigerated food); investment management; asset management; investment consulting; business information consulting; and business management consulting.

Alpha Frontier Limited: investment holdings.

Liberal Rise Limited: investment holdings.

New Hope Liuhe Investment Co., Ltd.: venture capital; investment management; financial advisory; wealth management consulting; corporate restructuring consulting; market survey; credit investigation; technology development and transfer; technical consulting services, etc.

South Hope Industrial Co., Ltd.: Feed research and development; wholesale and retail: electronic products, hardware fittings and parts and electrical wares and products, household commodities, knitwear and textiles, stationery and office supplies (excluding color photocopiers), building materials (excluding hazardous chemicals and wood), agricultural product, by products and distinctive local goods and produce (excluding those specified by the state), chemical products (excluding hazardous chemicals), and machinery and equipment; investment and consulting services (excluding intermediary services).

Tongfang Guoxin Investment Co., Ltd.: engage in investment activities with its own funds (forbidden financial operations include: absorption of public deposits or disguised absorption of public deposits, loans and securities offering, and futures, etc.); investment-related advisory services in relation to market information and investment policies to its affiliates; transportation facilities maintenance; engineering management services; standardized services; planning and design management; corporate headquarters management; business management; commercial complex management services; external contracting projects; real estate property management.

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9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders *(continued)*

(a) Particulars of principal operations *(continued)*:

Chongqing International Trust Co., Ltd.: fund trusts, movable property trusts, real estate trusts, securities trusts, other property or property rights trusts; investment fund business as the sponsor of investment funds or fund management companies; asset restructuring, mergers and acquisitions and project financing, corporate wealth management, financial consulting, etc.; entrusted securities underwriting as approved by relevant departments of the State Council; intermediary, consulting, credit investigation services; safekeeping and safe deposit box services; placement with banks and other financial institutions, lending to banks and other financial institutions, loans, leases and investments with proprietary assets; guarantees with proprietary assets; placement with and lending to banks and other financial institutions; other business operations permissible under relevant laws and regulations or as approved by the former China Banking and Insurance Regulatory Commission (all above in both Renminbi and foreign currencies).

China Shipowners Mutual Assurance Association: marine mutual insurance; business training; maritime exchanges; international cooperation; and consulting services.

Orient Group Incorporation: permitted item: food production (branch operation); grain processed food production (branch operation); bean products manufacturing (branch operation); crop seed management (branch operation); job intermediary activities. general items: grain purchase; import and export of goods; technology import and export; foreign contracted projects; estate management; sales of light building materials; sales of building materials; sales of construction machinery; furniture sales; wholesale of hardware products; sanitary ware sales; sales of metal materials; research and development of new material technology; grain sales; grain planting (branch operation); enterprise headquarters management; primary processing of edible agricultural products (branch operation).

Oriental Group Co., Ltd.: engage in investment activities with its own funds; information system integration services; domestic trade agency; import and export agency; technology import and export; realty management; coal sales; wholesale of hardware products.

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders *(continued)*

(a) Particulars of principal operations *(continued)*:

Good First Group Co., Ltd.: high-tech product R&D and sales, industrial investments; investments in education, agriculture, industry, entertainment and health care industry; sales of photography and new building materials; wholesale and retail: chemicals (excluding hazardous chemicals and restricted chemicals), knitwear and textiles, hardware fittings and parts and electric wares and products, household commodities, metal materials, construction materials, automobiles (excluding passenger cars) and parts, general machinery, electronic products and communications equipment, and mineral products as approved by the state.

Tibet Heng Xun Corporate Management Co., Ltd.: corporate image, promoting and branding services; exhibition and demonstration services; market survey (excluding those involving national secrets and personal privacy); retail of building materials and auxiliary building materials; sales of feed and raw materials, fertilizers, rubber products, raw chemical materials (excluding hazardous chemicals and chemicals that can be easily used to produce addictive drugs), and metal materials.

Tibet Fuju Enterprise Management Co., Ltd. (Formerly known as Tibet Fu Ju Investment Co., Ltd.): management; business management consulting; corporate image planning; marketing planning; conference and exhibition services; Market research (excluding foreign-related research).

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9 Related parties *(continued)*

9.1 Related parties *(continued)*

(2) The Bank's major shareholders *(continued)*

(b) The Oceanwide International Equity Investment Limited, China Oceanwide International Investment Company Limited and Long Prosper Capital Company Limited are entities incorporated overseas, and are ultimately controlled by Mr. Lu Zhiqiang, the legal representative of China Oceanwide Holdings Group Co., Ltd.

The information of registered capital of the related parties as at the end of the reporting period is as below:

Company name	31 December 2023	31 December 2022
Dajia Life Insurance Inc.	RMB 30,790 million	RMB 30,790 million
China Oceanwide Holdings Group Co., Ltd.	RMB 20,000 million	RMB 20,000 million
Oceanwide International Equity Investment Limited	USD 0.05 million	USD 0.05 million
China Oceanwide International Investment Company Limited	HKD 1,548 million	HKD 1,548 million
Long Prosper Capital Company Limited	USD 0.05 million	USD 0.05 million
Shanghai Giant Lifetech Co., Ltd.	RMB 245 million	RMB 245 million
Alpha Frontier Limited	USD 17.5 thousand	USD 17.5 thousand
Liberal Rise Limited	USD 0.05 million	USD 0.05 million
New Hope Liuhe Investment Co., Ltd.	RMB 577 million	RMB 577 million
South Hope Industrial Co., Ltd.	RMB 1,034 million	RMB 1,034 million
Tongfang Guoxin Investment Co., Ltd.	RMB 2,574 million	RMB 2,574 million
Chongqing International Trust Co., Ltd.	RMB 15,000 million	RMB 15,000 million
China Shipowners Mutual Assurance Association	RMB 0.10 million	RMB 0.10 million
Orient Group Incorporation	RMB 3,659 million	RMB 3,659 million
Oriental Group Co., Ltd.	RMB 1,000 million	RMB 1,000 million
Good First Group Co., Ltd.	RMB 133 million	RMB 133 million
Tibet Heng Xun Corporate Management Co., Ltd.	RMB 10 million	RMB 10 million
Tibet Fuju Enterprise Management Co., Ltd.	RMB 300 million	RMB 300 million

(3) The detailed information of the Bank's subsidiaries is set out in Note 4.23.

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(4) Relationship with related parties

Company name	Relationship with the Bank
Oceanwide Holding Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Cibi Business Information Consulting Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Shanghai Zhunji Business Consulting Partnership (LP)	Related party of Shanghai Giant Lifetech Co., Ltd.
Wuhan Centre Building Development Investment Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Guizhou Guoyuan Mining Development Co., Ltd.	Related party with equity interests held by the Bank
Wuhan CBD Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
UNITED ENERGY GROUP (HONG KONG) LIMITED	Related party of Orient Group Incorporation
Chongqing Yufu Expressway Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Beijing Dacheng Hotel Co., Ltd.	Related party of Orient Group Incorporation
Tianjin Languang Hejun Small Station Culture and Tourism Entertainment Development Co., Ltd.	Related party of CMBC INTERNATIONAL HOLDINGS LIMITED
Tianjin Haihui Real Estate Development Co., Ltd.	Related party of Good First Group Co., Ltd.
Chongqing Gengyu Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Xiamen Rongyin Co., Ltd.	Related party of Good First Group Co., Ltd.
Shanghai Yuye Industrial Development Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Related party of Dajia Life Insurance Inc.
Sichuan Dazhou Steel Group Co., Ltd.	Related party with equity interests held by the Bank
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Yunnan Textile Corporation	Related party of Tongfang Guoxin Investment Co., Ltd.
Kunming Dashanghui Industrial Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Guangxi Xindi Investment Co., Ltd.	Related party of Good First Group Co., Ltd.
Shenyang New Hope Jinyu Real Estate Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Xiamen Hongfu Co., Ltd.	Related party of Good First Group Co., Ltd.
Tianjin Yuanchuan Investment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
New Hope Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Tianjin Boda Warehousing Service Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Tianjin Yuanxi Real Estate Development Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
QUAM PLUS INTERNATIONAL FINANCIAL LIMITED (a)	Related party of China Oceanwide Holdings Group Co., Ltd.
SINO-OCEAN GROUP HOLDING LIMITED	Related party of the Bank's insiders
Shanghai Gold Partner Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Grass Green Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(4) Relationship with related parties

Company name	Relationship with the Bank
Shanghai Jianjiu Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Chongqing Yujinyue Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Dalian Jianhua Sludge Treatment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Sichuan Hope Hydropower Development Co., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Hope Senlan Science and Technology Holding Corp., Ltd.	Related party of Continental Hope Group Corp., Ltd.
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Related party of China Oceanwide Holdings Group Co., Ltd.
Shanghai Zhaojiu Technology Co., Ltd.	Related party of the Bank's insiders
Beijing ENRELY Technology Co., Ltd.	Related party of the Bank's insiders
Jiangsu Zhijun Power Equipment Co., Ltd.	Related party of the Bank's insiders
Quanzhou Fengze District best art auto parts shop	Related party of the Bank's insiders
Beijing Changrong Heyin Investment Management Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.
Sichuan Special Drive Education Management Co., Ltd.	Related party of Chengdu Huaxi Hope Group Co., Ltd.
Sichuan Hope Education Industry Group Co., Ltd.	Related party of Chengdu Huaxi Hope Group Co., Ltd.
New Hope Dairy Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shanghai Rihou Steel Tube Leasing Co., Ltd.	Related party of the Bank's insiders
Sanya Minsheng Tourism Co., Ltd.	Related party of Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd.
Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd.	Companies funded by major shareholders and subsidiaries of the Bank
Minsheng Real Estate Co., Ltd.	Companies funded by the Labour Union Committee of the Bank
Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.	Companies funded by the Labour Union Committee of Beijing branch of the Bank
Minsheng Fintech Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.

(a) As at 30 June 2023, CHINA TONGHAI DCM LIMITED was renamed as QUAM PLUS INTERNATIONAL FINANCIAL LIMITED.

9 Related parties *(continued)*

9.1 Related parties *(continued)*

(5) Related natural persons

The related natural persons of the Group include: the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members; the directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; and natural persons identified by the Bank as being related on a substance over form basis and/or look-through basis. As at 31 December 2023, the Bank has 13,106 related natural persons, including 205 who were directors of the Bank and their close family members, 105 who were supervisors of the Bank and their close family members, 138 who were senior executives of the head office and their close family members, 12,355 who were senior executives of key branches of the Bank or people with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members, 181 who were directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries, and 200 other natural persons.

Note: Among the Bank's directors and their close family members, 33 were also senior executives of the head office or close family members, and 9 were also directors, supervisors and senior executives of the legal or unincorporated organizations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; among the Bank's supervisors and their close family members, 36 were also senior executives of the head office or their close family members.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.2 Related party transactions

(1) Material related party transactions

Material related party transactions refer to transactions where an individual transaction between the Group and a single related party amounts to more than 1% of the Group's net capital at the end of the previous quarter, or where the cumulative total of transactions between the Group and a single related party amounts to more than 5% of the Group's net capital at the end of the previous quarter.

For the year ended 31 December 2023, the Bank granted to Dajia Life Insurance Inc. a comprehensive credit limit of RMB26 billion with a term of 2 years. As at 31 December 2023, the loan balance was RMB26 billion.

For the year ended 31 December 2021, the Bank granted to Dajia Life Insurance Inc. a comprehensive credit limit of RMB15.7 billion with a term of 2 years. As at 31 December 2022, the loan balance was RMB15.7 billion.

(2) Pricing policy

Transactions between the Group and its related parties are mainly conducted in the normal course of its business and on normal commercial terms, following the pricing policies that are consistent with those applicable to similar transactions with independent non-related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.2 Related party transactions

(3) Loans to related parties

Balances outstanding as at the end of the reporting period:

	Types of collateral	31 December 2023	31 December 2022
Dajia Life Insurance Inc.	Pledged/Collateralised/ Guaranteed	**26,000**	15,700
Oceanwide Holding Co., Ltd.	Pledged/Collateralised/ Guaranteed	**6,800**	9,200
Shanghai Cibi Business Information Consulting Co., Ltd.	Pledged/Guaranteed	**6,611**	6,613
China Oceanwide Holdings Group Co., Ltd.	Pledged/Guaranteed	**4,666**	4,666
Shanghai Zhunji Business Consulting Partnership (LP)	Pledged/Guaranteed	**4,329**	4,381
Wuhan Centre Building Development Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**3,972**	3,972
Orient Group Incorporation	Pledged/Collateralised/ Guaranteed	**3,478**	2,837
Guizhou Guoyuan Mining Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	**3,335**	3,335
Wuhan CBD Co., Ltd.	Collateralised/ Guaranteed	**3,046**	3,046
UNITED ENERGY GROUP (HONG KONG) LIMITED	Pledged/Guaranteed	**2,171**	2,208
Oriental Group Co., Ltd.	Pledged/Guaranteed	**2,252**	2,092
Chongqing Yufu Expressway Co., Ltd.	Pledged/Guaranteed	**1,987**	–
Beijing Dacheng Hotel Co., Ltd.	Pledged/Collateralised/ Guaranteed	**1,698**	1,700
Tongfang Guoxin Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	**1,443**	1,448
Tianjin Languang Hejun Small Station Culture and Tourism Entertainment Development Co., Ltd. (a)	Pledged/Collateralised/ Guaranteed	**1,169**	N/A
Tianjin Haihui Real Estate Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	**985**	1,040
Chongqing Gengyu Real Estate Development Co., Ltd.	Collateralised/ Guaranteed	**937**	–
Xiamen Rongyin Co., Ltd.	Pledged/Collateralised/ Guaranteed	**900**	590
Shanghai Yuye Industrial Development Co., Ltd.	Pledged/Guaranteed	**900**	950
Shanghai Songjiang Wanda Plaza Investment Co., Ltd. (a)	Collateralised/ Guaranteed	**867**	N/A
Sichuan Dazhou Steel Group Co., Ltd.	Pledged/Collateralised/ Guaranteed	**725**	725

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For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.2 Related party transactions

(3) Loans to related parties

	Types of collateral	31 December 2023	31 December 2022
Beijing Xingtai Tonggang Real Estate Co., Ltd. (a)	Collateralised	698	N/A
Yunnan Textile Corporation	Pledged/Collateralised/ Guaranteed	640	–
Kunming Dashanghui Industrial Co., Ltd.	Collateralised/ Guaranteed	580	–
Guangxi Xindi Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	569	596
Shenyang New Hope Jinyu Real Estate Co., Ltd. (a)	Pledged/Collateralised/ Guaranteed	500	N/A
Xiamen Hongfu Co., Ltd.	Pledged/Guaranteed	400	199
Tianjin Yuanchuan Investment Co., Ltd. (a)	Pledged/Collateralised/ Guaranteed	317	N/A
New Hope Group Co., Ltd.	Guaranteed	300	–
Tianjin Boda Warehousing Service Co., Ltd. (a)	Pledged/Collateralised	276	N/A
Tianjin Yuanxi Real Estate Development Co., Ltd. (a)	Pledged/Collateralised	229	N/A
QUAM PLUS INTERNATIONAL FINANCIAL LIMITED	Pledged/Guaranteed	227	301
SINO-OCEAN GROUP HOLDING LIMITED	Guaranteed	198	471
Shanghai Gold Partner Biotechnology Co., Ltd.	Guaranteed	150	150
Grass Green Group Co., Ltd.	Pledged/Guaranteed	149	167
Grass Green Joint Venture Capital (Beijing) Co., Ltd.	Pledged/Guaranteed	146	147
Shanghai Jianjiu Biotechnology Co., Ltd.	Guaranteed	130	130
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd. (a)	Guaranteed	80	N/A
Chongqing Yujinyue Real Estate Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	70	71
Dalian Jianhua Sludge Treatment Co., Ltd. (a)	Collateralised	70	N/A
Sichuan Hope Hydropower Development Co., Ltd. (a)	Pledged/Guaranteed	60	N/A
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd. (a)	Guaranteed	50	N/A
Hope Deepblue Air Conditioning Manufacture Corp.,Ltd. (a)	Guaranteed	30	N/A
Hope Senlan Science and Technology Holding Corp.,Ltd. (a)	Guaranteed	30	N/A
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd.	Collateralised	15	15
Shanghai Zhaojiu Technology Co., Ltd.	Collateralised	14	–
Beijing ENRELY Technology Co., Ltd. (a)	Guaranteed	4	N/A

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For the year ended 31 December 2023
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	Types of collateral	31 December 2023	31 December 2022
Jiangsu Zhijun Power Equipment Co., Ltd.	Collateralised	3	3
Quanzhou Fengze District Best Art Auto Parts Shop	Collateralised	2	2
Beijing Changrong Heyin Investment Management Co., Ltd.	Pledged	–	390
Sichuan Special Drive Education Management Co., Ltd.	Collateralised	–	150
Sichuan Hope Education Industry Group Co., Ltd.	Pledged	–	250
New Hope Dairy Co., Ltd.	Pledged	–	69
Shanghai Rihou Steel Tube Leasing Co., Ltd.	Collateralised	–	8
Bank Of Hebei Co., Ltd. (b)	Pledged	N/A	1,703
Individuals	Pledged/Collateralised/ Guaranteed	1,401	1,418
Total		85,609	70,743
Ratio to similar transactions (%)		1.98	1.74
Interest rate ranges of corporate related parties		1.65%-8.95%	2.61%-8.95%

(a) Since 2023, these companies have become related parties of the Group.

(b) As at 31 December 2023, these companies were no longer related parties of the Group.

Amount of transactions:

	Year ended 31 December 2023	2022
Interest income from loans	4,874	4,189
Ratio to similar transactions (%)	2.61	2.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(4) Other transactions with related parties

Balances as at the end of the reporting period:

	31 December 2023		31 December 2022	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Financial investments				
– Financial assets measured at amortised cost	3,212	0.21	9,588	0.70
– Financial assets at fair value through profit or loss	867	0.27	560	0.14
– Financial assets at fair value through other comprehensive income	646	0.15	993	0.21
Long-term receivables	109	0.09	178	0.16
Other assets (a)	850	1.72	940	2.05
Balances with banks and other financial institutions	6	0.00	–	–
Deposits and placements from banks and other financial institutions	1,133	0.09	3,305	0.22
Borrowings from banks and other financial institutions	N/A	N/A	1,004	0.95
Deposits from customers	34,825	0.80	32,232	0.80
Other liabilities	22	0.04	27	0.05

(a) Sanya Minsheng Tourism Co., Ltd. provides project management and business promotion assistant services for Minsheng Financial Leasing regarding its retail vehicle financial leasing business. Other assets mainly include the prepayment from Minsheng Financial Leasing to Sanya Minsheng Tourism Co., Ltd. for the above mentioned service fees to be amortised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(4) Other transactions with related parties *(continued)*

Interest rate ranges for transaction balances as at the end of reporting period

	31 December 2023	31 December 2022
Financial investments		
– Financial assets measured at amortised cost	**3.80%-5.50%**	2.80%-6.74%
– Financial assets at fair value through other comprehensive income	**2.70%-5.50%**	2.70%-5.30%
Long-term receivables	**9.31%**	4.23%-5.50%
Deposits and placements from banks and other financial institutions	**0.00%-2.35%**	0.00%-2.92%
Borrowings from banks and other financial institutions	**N/A**	3.20%
Deposits from customers	**0.00%-5.35%**	0.00%-5.35%

Amount of transactions:

	Year ended 31 December			
	2023		2022	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Interest income	**195**	**0.07**	399	0.15
Interest expense	**997**	**0.61**	1,150	0.74
Fee and commission income (a)	**389**	**1.53**	329	1.29
Fee and commission expense	**–**	**–**	17	0.33
Operating expenses (b)	**1,793**	**3.40**	1,840	3.50
Net other operating income (c)	**592**	**24.19**	321	13.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(4) Other transactions with related parties *(continued)*

(a) For the years ended 31 December 2023 and 2022, it mainly represents the Group's income from agency sales of insurance products for Dajia Life Insurance Inc.

(b) Operating expenses of the Group were mainly for financial business outsourcing service, travel and publicity campaigns provided by Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd. and its related parties, property management service and assets recovery service provided by Minsheng Real Estate Co., Ltd. and its related parties, business process outsourcing service provided by Minsheng Yingcai (Beijing) Management Consulting Co., Ltd.

(c) For the year ended 31 December 2023, Minsheng Financial Leasing recognized RMB549 million fees for ancillary service in asset management provided by Sanya Minsheng Tourism Co. Ltd. (For the year ended 31 December 2022: RMB271 million).

(d) For the year ended 31 December 2023, the Bank entrusted related parties to develop software and systems, and paid a total of RMB1,484 million (For the year ended 31 December 2022: RMB807 million). The main service provider was Minsheng Fintech Co., Ltd.

Balance of off-balance sheet items:

	31 December 2023		31 December 2022	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Bank acceptances	**89**	**0.02**	2,472	0.50
Guarantees	**–**	**–**	204	0.15
Letters of credit	**290**	**0.27**	300	0.37
Unused credit card ommitments	**596**	**0.12**	568	0.12

Balances of loans guaranteed by related parties:

	31 December 2023	31 December 2022
Loans guaranteed by related parties	**42,677**	27,331
Ratio to similar transactions (%)	**0.99**	0.67

9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(5) Transactions with the annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other significant transactions were conducted between the Group and the annuity scheme for the years ended 31 December 2023 and 2022.

(6) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Bank's activities, directly or indirectly, including directors, supervisors and senior management.

The Bank enters into transactions with key management personnel under normal commercial terms. These include loans and deposits, which are carried out at rates similar to those offered to third parties. Outstanding loans to the key management personnel amounted to RMB2.26 million as at 31 December 2023 (31 December 2022: RMB2.36 million), which have been included in the above loans granted to related parties.

Accrued salaries and other short-term benefits for the key management personnel before tax amounted to RMB86 million for the year ended 31 December 2023 (2022: RMB122 million). Of which, pre-tax compensations for the Executive Directors, Chairman of the Supervisory Board, Vice Chairman of the Supervisory Board and executive officers included RMB39 million, to be paid in later years, accrued at no less than 50% of the performance-based compensations (2022: RMB48 million) in accordance with relevant regulations. The exact amounts of these deferred payments shall be determined at the end of their respective tenure based on their performance. In the case of violations of laws and regulations, non-compliances with rules and requirements, and other actions as a senior officer of the Bank that have exposed the Bank to undue risks, the Bank will, depending on the circumstances, deduct the performance-based remuneration of the person for the corresponding period or up to all the performance-based remuneration for his/her entire term of office, in accordance with the Guidelines for Performance-Based Remuneration Recoupment Mechanisms of Banking and Insurance Institutions (Yin Bao Jian Ban Fa [2021] No. 17) issued by the former CBIRC as well as relevant rules of the Bank. The Bank subscribed RMB7 million for supplementary pension insurance for the key management personnel in 2023 (2022: RMB10 million). The related salaries and benefits of 2022 were restated in accordance with the Supplement to 2022 Annual Report of China Minsheng Banking Crop., Ltd.

The total 2023 pre-tax compensation for the Bank's executive directors, Chairman of the Board of Supervisors, Vice-Chairman of the Board of Supervisors and senior management is subject to approval by the Compensation and Evaluation Committee of the Board of Directors. Upon approval, the Bank will make separate disclosure. The unaccrued compensation is not expected to have a material impact on the financial statements of the Group and the Bank for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(7) Transactions between the Bank and its subsidiaries

Balances as at the end of the reporting period:

	31 December 2023	31 December 2022
Placements with banks and other financial institutions	**28,829**	27,489
Loans and advances to customers	**1,385**	2,412
Financial investment	**1,427**	–
Right-of-use assets	**–**	3
Balances with banks and other financial institutions	**220**	160
Other assets	**103**	35
Deposits and placements from banks and other financial institutions	**24,598**	12,110
Deposits from customers	**614**	522
Leasing liabilities	**–**	3
Debt securities issued	**257**	–
Other liabilities	**51**	2

Amount of transactions for the reporting period:

	Year ended 31 December	
	2023	2022
Interest income	**1,349**	1,085
Interest expense	**262**	110
Fee and commission income	**890**	214
Fee and commission expense	**147**	1,512
Operating expenses	**4**	–
Net other operating income	**1**	4

9 Related parties *(continued)*

9.2 Related party transactions *(continued)*

(8) Material transactions between the Bank and its subsidiaries:

(a) For the year ended 31 December 2022, the Bank granted Minsheng Financial Leasing a maximum credit limit of RMB38,520 million with a term of 2 years.

As at 31 December 2023, the balance of placements with banks and other financial institutions was RMB22,017 million (For the year ended 31 December 2022: RMB21,193 million).

For the year ended 31 December 2023, Minsheng Financial Leasing transferred its financial leasing assets with a carrying amount of RMB10,381 million to the Bank through non-recourse factoring (For the year ended 31 December 2022: Nil).

(b) For the year ended 31 December 2023, the Bank granted CMBC Wealth Management Co., Ltd. a maximum credit limit of RMB68,000 million with a term of 2 years. As at 31 December 2023, the credit line remained unused. For the year ended 31 December 2022, the Bank did not grant any credit line to Minsheng Wealth Management Co., Ltd.

(9) Transactions between subsidiaries:

For the year ended 31 December 2023, the transactions between the subsidiaries of the Group are mainly inter-bank deposits or lending. As at 31 December 2023, the balance of the above transactions was RMB153 million (31 December 2022: RMB174 million).

The balances and transaction amount with the subsidiaries and between the subsidiaries have been offset in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023
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10 Financial risk management

10.1 Financial risk management overview

The financial risks the Group is exposed to mainly include credit risk, market risk, liquidity risk and operational risk etc. Risk management includes identification, measurement, assessment, monitoring, reporting, control and mitigation of risks. The core characteristic of the financial business is taking risks; risks are inevitable in business. The Group's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects from risks borne by the Group on its financial performance.

In response to new regulatory requirements and market changes as well as in light of the actual needs and current position, the Group sets its risk preferences, risk management strategies and risk policies, and takes a host of measures to ensure the risk preferences and policies are concretely implemented and complied with and strengthen the role of risk management in support of strategic decision-making, including improving its risk quantification tools and information systems, adopting and continuously improving its end-to-end risk control mechanisms and based on oversight and reviews of actual implementations, re-examining and optimising the risk preference funneling mechanisms, credit policies, limit management, and relevant systems and tools.

The Bank's Risk Management Committee, which operates under the Board of Directors, assists the Board in setting the Bank's risk preferences and risk management strategies, monitoring the Bank's risk management policies and their implementation, and assessing their effectiveness. In accordance with the risk preferences and management strategies, the Bank's senior management develops corresponding risk management policies and procedures and drives their implementation.

10.2 Credit risk

The Group is exposed to credit risk, which is the risk that a borrower or counterparty defaults as it fails to fully repay debts in a timely manner due to various reasons. Credit risk is the most important risk for the Group's operating activities; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending, trade finance, credit debt securities and leasing activities. There is also credit risk in off-balance sheet financial instruments, such as credit commitments and derivatives.

The Risk Management Committee is currently responsible for decision-making and overall coordination of credit risk prevention. The Bank adopts professional credit evaluation, full-process quality monitoring, problem asset professional management and collecting and other major methods for credit risk management.

After exhausting all necessary measures and implementing necessary procedures, the Group writes off the bad debts as determined in accordance with the criteria set out in the Group's write-off policy. For bad debts that have been written off, the Group continues to make its best effort to recover them.

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(1) Credit risk measurement

The Group measures and manages the quality of its on-balance sheet and off-balance sheet financial assets exposed to credit risk in accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks (CBIRC and PBOC Order [2023] No. 1). The Rules on Risk Classification of Financial Assets of Commercial Banks require commercial banks to classify their financial assets by their risk level into five categories, namely Normal, Special-Mention, Substandard, Doubtful and Loss, with assets classified into the latter three categories collectively referred to as "non-performing assets". The Bank has also formulated the Administrative Measures for Risk Classification of Financial Assets of China Minsheng Banking Corporation Limited to guide its daily risk classification management of financial assets, and the Bank's classification of its financial assets complies with the Rules on Risk Classification of Financial Assets of Commercial Banks.

The core definitions for classification of financial assets in the Rules on Risk Classification of Financial Assets of Commercial Banks are as follows:

Normal:	The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.
Special-Mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have become credit impaired.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have become significantly credit impaired.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(2) Risk limit control and mitigation policies

The Group exercises risk concentration management and controls over its counterparties, whether individuals or groups, and industries and geographical regions.

The Group has established relevant mechanisms to apply tiered management of credit risks and set limits to acceptable risks for different individual or group counterparties, different industries and geographical regions. The Bank monitors the risk status regularly and reviews their risk positions at least once a year.

Risk exposures to borrowers, including banks, are further classified into on – and off-balance sheet risk exposures, and controls have been applied to daily risk limits of each trading account. The Bank also monitors actual risk exposures on a daily basis in relation to corresponding risk limits.

The Group controls its credit risks through, among other necessary measures, regular analyses of a customer's ability to repay interest and principal, and making appropriate adjustments to credit lines.

Other specific control and mitigation measures include: measuring, evaluating, early warning, mitigating and controlling of large amount exposures of single and group customers in accordance with regulatory requirements, and preventing and controlling customer concentration risks.

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(2) Risk limit control and mitigation policies *(Continued)*

(a) Collateral

The Group and its subsidiaries have individually established a range of risk management policies and adopted different methods to mitigate credit risk. Critical methods for the Group to control its credit risks include acquiring collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

– Real estate and land use rights

– Financial instruments such as time deposits, debt securities and equities.

– Trade receivables, rent receivables and various rights to receive payments

– Mining rights and machinery

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will seek additional collaterals from counterparties/require additional guarantors or squeeze the credit exposure.

Collateral held as security for financial assets other than loans and accounts receivable is determined by the instruments' nature. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Derivative instruments

The credit risk of derivative financial instruments comes from the counterparty credit risk that the Bank faces during transactions with counterparties who fail to fulfill their obligations. The Bank manages the counterparty credit risk of derivative financial instruments through credit limits or other credit risk mitigation measures. The Bank incorporates counterparties' credit limits into the bank-wide unified credit management system and sets credit limits in the management system to monitor credit limits. To reduce the credit risk of derivative financial instruments, the Bank also adopts measures such as margin requirements, participation in central counterparty clearing, etc.

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10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(2) Risk limit control and mitigation policies *(Continued)*

(c) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit, which represent irrevocable commitments that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. In some cases, guarantee deposits are received by the Group to lessen the credit risks related to such commitments. The Group's potential amount of credit risk exposure is equivalent to the total amount of credit commitments.

Loan commitments and financial leasing commitments represent unused portions of credit commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(3) Expected Credit Loss ("ECL") measurement

According to the IFRS 9: Financial Instruments, the Group classifies its financial instruments into three stages for the purpose of ECL measurement and applies the ECL model to calculate credit loss provisions for on-balance sheet financial instruments that are exposed to credit risk and measured either at amortised cost or at fair value through other comprehensive income, such as loans, debt securities, balances with banks and other financial institutions, account receivables, lease receivables, and other debt investments, as well as off-balance sheet financial instruments that are exposed to credit risk, such as financial guarantee contracts and loan commitments.

The Group adopts the parameters-based approach and the discounted cash flow ("DCF") method to assess the expected credit losses of its financial assets. A parameters-based approach is applied to retail assets and Stage 1 and Stage 2 corporate financial assets, while the DCF method is applied to Stage 3 corporate financial assets.

The Group regularly reviews and optimizes its expected credit loss model, and makes timely updates to the forward-looking information and relevant parameters in accordance with the requirements of Implementation Rules on Expected Credit Loss Approach of Commercial Banks (CBIRC [2022] No.10) and internal relevant management system.

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(3) Expected Credit Loss ("ECL") measurement *(Continued)*

(a) Financial instrument risk stages

The Group applies a "three-stage model" for measuring expected credit loss for financial instruments based on changes in credit quality since initial recognition. The three stages are defined as follows:

Stage 1: Financial instruments without significant increase in credit risk since initial recognition. For these assets, expected credit losses are recognised for the following 12 months.

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, expected credit losses are recognised for the remaining lifetime if there is no objective evidence of impairment.

Stage 3: For financial assets with objective evidence of impairment as at the end of reporting period, expected credit losses are recognised for the remaining lifetime.

(b) Criteria for significant increases in credit risk ("SICR")

The Group assesses, at each reporting period end, whether or not the credit risk of relevant financial instruments has increased significantly since their initial recognition. In order to determine whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and supportable information that is available without undue cost or effort and sets qualitative and quantitative criteria accordingly. The quantitative criteria include overdue days of the principal or interest for more than 30 days, credit asset classified as special-mention, the absolute level or relative change of Probability of Default in excess of the preset thresholds, among others; and the qualitative criteria mainly cover the regulatory and business environments, the borrowers' repayment ability, borrowers' operation capability, borrowers' repayment behaviors, and forward-looking information, among others.

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10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(3) Expected Credit Loss ("ECL") measurement *(Continued)*

(c) Definition of credit-impaired financial asset

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

- The principal or interest of a financial asset is overdue for more than 90 days;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the Group would not otherwise consider;
- The debtor will probably enter bankruptcy or another financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties faced by the issuer or debtor;
- The purchase or origination of a financial asset at a significant discount that reflects the fact of credit losses;
- Other objective evidence of financial asset impairment.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single event.

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(3) Expected Credit Loss ("ECL") measurement *(Continued)*

(d) Segmentation of risk exposures

For the purpose of expected credit loss measurement, the Group classifies exposures with similar credit risk characteristics into segmentation. The Group segments corporate financial assets mainly according to the borrower types and the industry in which they operate, and retail assets mainly according to product types, and the Group reviews the appropriates of its risk grouping and makes corrections to the grouping results on an annual basis.

(e) Parameters for ECL measurement

Except for credit-impaired financial assets, the Group recognised 12-month or lifetime ECL allowance by financial instrument according to whether there is a significant increase in credit risk. Expected credit losses are the product of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are defined as follows:

– PD represents the likelihood of a borrower to default on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. The PD is determined based on the adjusted results of the internal rating-based model, with forward-looking information incorporated, to reflect the borrower's point-in-time probability of default under the current macroeconomic environment;

– LGD is expressed as a percentage loss per unit of EAD. LGD varies by types of product and availability of collateral etc.;

– EAD refers to the total amount of on – and off-balance sheet exposures in the event of default and is determined based on principal, interest, off-balance sheet credit risk conversion factor etc., and may vary by product types.

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10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(3) Expected Credit Loss ("ECL") measurement *(Continued)*

(f) Forward-looking information incorporated in the ECL

The ECL calculation involves forward-looking information. Based on analysis of its historical data, the Group has identified key economic indicators relevant to expected credit losses, including the quarterly year-on-year (Y/Y) growth rates of Gross Domestic Product (GDP), Broad Money Supply (M2) and Consumer Price Index (CPI) respectively. The Group regularly evaluates the various indicators in the pool of macroeconomic indicators and selects the most relevant indicators for ECL calculation.

As at 31 December 2023, the Group has considered different macroeconomic scenarios, and the main economic indicators with predicted ranges in estimating ECL are set out as below:

Variables	Range
Quarterly Y/Y growth rate of GDP	2.9%~5.1%
Quarterly Y/Y growth rate of M2	8.9%~12.9%
Quarterly Y/Y growth rate of CPI	0.1%~3.4%

The Group conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

The Group combines macro-economic data analysis and expert judgments to develop the positive, neutral and negative scenarios and determine their weightings, and estimates the expected credit losses in different scenarios to calculate the allowances for the weighted average ECLs. As at 31 December 2023 and 31 December 2022, the positive, neutral and negative scenarios had similar weightings.

(g) Cash flow forecasts for Stage 3 corporate financial assets

The Group uses the DCF method to measure the expected credit losses of Stage 3 corporate financial assets. The DCF method estimates the expected credit losses based on regular forecasts of future cash flows. At each measurement date, the Group estimates the future cash inflows of an asset for different future periods, and applies appropriate discount rates to the future cash flows to obtain their present value.

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(4) Maximum credit risk exposure

The following table presents the Group's maximum exposure to credit risk as at the end of the reporting period without considering any collateral held or other credit enhancements, which is represented by the carrying amount of each type of financial assets after deducting any impairment allowance.

	31 December 2023	31 December 2022
Balances with central bank	**383,365**	331,569
Balances with banks and other financial institutions	**129,678**	88,705
Placements with banks and other financial institutions	**172,778**	182,434
Derivative financial assets	**24,797**	33,878
Financial assets held under resale agreements	**35,773**	3,010
Loans and advances to customers	**4,323,908**	4,072,982
Financial investments		
– Financial assets at fair value through profit or loss	**165,173**	128,005
– Financial assets measured at amortised cost	**1,531,024**	1,363,589
– Financial assets at fair value through other comprehensive income	**412,100**	462,619
Long-term receivables	**119,434**	111,456
Other financial assets	**30,608**	30,153
Total	**7,328,638**	6,808,400
Off-balance sheet credit commitments	**1,279,620**	1,263,888
Maximum credit risk exposure	**8,608,258**	8,072,288

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10 Financial risk management *(Continued)*

10.2 Credit risk *(Continued)*

(5) Analysis on the credit quality of financial instruments

(a) As at 31 December 2023, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	383,365	–	–	383,365	–	–	–	–
Balances with banks and other financial institutions	129,682	–	–	129,682	(4)	–	–	(4)
Placements with banks and other financial institutions	173,098	–	1,193	174,291	(537)	–	(976)	(1,513)
Financial assets held under resale agreements	35,364	–	435	35,799	(1)	–	(25)	(26)
Loans and advances to customers								
– Corporate loans and advances	2,439,174	150,250	59,039	2,648,463	(18,374)	(18,204)	(26,816)	(63,394)
– Personal loans and advances	1,712,002	33,255	26,981	1,772,238	(7,858)	(7,220)	(18,972)	(34,050)
Financial investments	1,912,187	5,125	36,022	1,953,334	(2,793)	(406)	(9,187)	(12,386)
Long-term receivables	107,995	7,909	6,309	122,213	(707)	(436)	(1,636)	(2,779)
Off-balance sheet credit commitments	1,273,665	5,939	16	1,279,620	(1,065)	(146)	(1)	(1,212)

(b) As at 31 December 2022, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	331,569	–	–	331,569	–	–	–	–
Balances with banks and other financial institutions	88,713	–	–	88,713	(8)	–	–	(8)
Placements with banks and other financial institutions	182,352	–	1,944	184,296	(585)	–	(1,277)	(1,862)
Financial assets held under resale agreements	2,574	–	464	3,038	–	–	(28)	(28)
Loans and advances to customers								
– Corporate loans and advances	2,204,472	166,252	53,028	2,423,752	(15,327)	(21,983)	(24,513)	(61,823)
– Personal loans and advances	1,669,611	51,147	26,111	1,746,869	(8,413)	(11,629)	(17,003)	(37,045)
Financial investments	1,789,042	12,793	35,665	1,837,500	(2,249)	(939)	(9,925)	(13,113)
Long-term receivables	94,754	13,270	6,913	114,937	(642)	(862)	(1,977)	(3,481)
Off-balance sheet credit commitments	1,261,248	2,525	115	1,263,888	(1,424)	(344)	(76)	(1,844)

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(6) Loans and advances to customers

(a) The credit risk stages of loans and advances to customers (excluding interest accrued) are as following:

	31 December 2023	31 December 2022
Stage 1		
Unsecured loans	**1,207,124**	1,087,615
Guaranteed loans	**737,403**	623,229
Loans secured by		
Tangible assets other than monetary assets	**1,627,683**	1,591,434
Monetary assets	**562,834**	542,328
Subtotal	**4,135,044**	3,844,606
Stage 2		
Unsecured loans	**23,083**	27,297
Guaranteed loans	**23,835**	31,630
Loans secured by		
Tangible assets other than monetary assets	**85,945**	122,535
Monetary assets	**31,075**	35,937
Subtotal	**163,938**	217,399
Stage 3		
Unsecured loans	**19,193**	15,884
Guaranteed loans	**13,303**	16,578
Loans secured by		
Tangible assets other than monetary assets	**43,551**	36,298
Monetary assets	**9,848**	10,379
Subtotal	**85,895**	79,139
Total	**4,384,877**	4,141,144
Credit-impaired loans secured by collateral	**21,649**	21,411

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10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(6) Loans and advances to customers *(continued)*

(b) Loans and advances to customers (excluding interest accrued) analysed by industries are as following:

	31 December 2023		31 December 2022	
	Amount	(%)	Amount	(%)
Corporate loans and advances				
Leasing and commercial services	556,874	12.70	523,343	12.64
Manufacturing	465,092	10.61	396,308	9.57
Real estate	346,298	7.90	363,344	8.77
Wholesale and retail	286,014	6.52	263,607	6.37
Water, environment and public utilities management	170,648	3.89	167,684	4.05
Transportation, storage and postal services	168,187	3.84	154,492	3.73
Financial services	165,194	3.77	115,764	2.79
Production and supply of electric power, heat, gas and water	130,512	2.98	103,403	2.50
Construction	119,477	2.72	109,689	2.65
Mining	69,034	1.57	72,705	1.76
Information transmission, software and IT services	42,602	0.97	41,727	1.01
Agriculture, forestry, animal husbandry and fishery	21,376	0.49	20,420	0.49
Accommodation and catering	16,248	0.37	17,578	0.42
Others	59,799	1.36	49,212	1.19
Subtotal	2,617,355	59.69	2,399,276	57.94
Personal loans and advances	1,767,522	40.31	1,741,868	42.06
Total	4,384,877	100.00	4,141,144	100.00

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(6) Loans and advances to customers *(continued)*

(c) Loans and advances to customers (excluding interest accrued) by geographical area are as following:

	31 December 2023		31 December 2022	
	Amount	(%)	Amount	(%)
Head Office	**492,829**	**11.24**	488,895	11.81
Yangtze River Delta	**1,125,915**	**25.68**	1,045,578	25.25
Bohai Rim	**701,020**	**15.99**	644,316	15.56
Pearl River Delta	**689,726**	**15.73**	630,013	15.21
Western Region	**660,499**	**15.06**	630,687	15.23
Central Region	**509,089**	**11.61**	497,398	12.01
Northeastern Region	**100,418**	**2.29**	97,380	2.35
Overseas and subsidiaries	**105,381**	**2.40**	106,877	2.58
Total	**4,384,877**	**100.00**	4,141,144	100.00

(7) Rescheduled loans and advances

Rescheduled loans and advances to customers are those loans and advances for which, due to financial difficulties on the part of the borrowers, the Group has made modifications to the contract terms that are favorable to the borrowers, or has entered into refinancing arrangements with the borrowers, including borrowing for repaying or additional debt financing, etc., to facilitate the borrowers to meet their repayment obligations. As at 31 December 2023, the amount of the Group's rescheduled loans and advances to customers is RMB22,958 million (31 December 2022: RMB13,554 million)

Rescheduled loans and advances which were not past due or past due for no more than 90 days are as follows:

	31 December 2023	31 December 2022
Loans and advances to customers	**10,199**	3,659
Ratio of total loans and advances to customers (%)	**0.23**	0.09

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10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(8) Distribution of debt instruments analysed by issuers and rating

The ratings are obtained from Standard & Poor's ratings, or major rating agencies where the issuers of the debt securities are located.

	31 December 2023					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	29,010	–	–	–	12	29,022
– Corporates	4,134	–	–	–	740	4,874
Gross balance	33,144	–	–	–	752	33,896
Interest accrued						2,126
Less: Allowance for impairment losses of financial assets measured at amortised cost						(7,854)
Subtotal						28,168
Not impaired						
– Government	884,983	377,417	5,145	2,269	–	1,269,814
– Policy banks	142,368	10	–	948	–	143,326
– Banks and non-bank financial institutions	55,027	169,880	3,645	24,516	16,720	269,788
– Corporates	84,949	227,347	32,774	13,393	18,954	377,417
Gross balance	1,167,327	774,654	41,564	41,126	35,674	2,060,345
Interest accrued						22,140
Less: Allowance for impairment losses of financial assets measured at amortised cost						(2,356)
Subtotal						2,080,129
Total						2,108,297

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(8) Distribution of debt instruments analysed by issuers and rating *(continued)*

	31 December 2022					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	30,823	–	–	–	–	30,823
– Corporates	2,416	–	13	–	616	3,045
Gross balance	33,239	–	13	–	616	33,868
Interest accrued						1,797
Less: Allowance for impairment losses of financial assets measured at amortised cost						(8,867)
Subtotal						26,798
Not impaired						
– Government	806,557	324,153	–	1,108	–	1,131,818
– Policy banks	105,141	–	–	991	–	106,132
– Banks and non-bank financial institutions	79,905	127,057	2,054	24,344	19,689	253,049
– Corporates	128,461	225,807	32,025	11,749	19,626	417,668
Gross balance	1,120,064	677,017	34,079	38,192	39,315	1,908,667
Interest accrued						21,173
Less: Allowance for impairment losses of financial assets measured at amortised cost						(2,425)
Subtotal						1,927,415
Total						1,954,213

(a) Unrated debt investments held by the Group mainly include bonds issued by the PRC government, trust and asset management plans, bonds issued by corporates and bonds issued by policy banks, etc.

(b) Credit-impaired debt instruments of banks and non-bank financial institutions mainly include trust and asset management plans, of which the underlying debtors are corporates.

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10 Financial risk management *(continued)*

10.2 Credit risk *(continued)*

(9) Investments classified as trust and asset management plans analysed by type of underlying assets

	31 December 2023	31 December 2022
Trust and asset management plans		
Credit assets	**30,482**	43,061
Bonds and others	**17,185**	14,185
Total	**47,667**	57,246

The Group includes trust and asset management plans into comprehensive credit management system and manages its credit risk exposure in a holistic manner. The different methods to mitigate credit risk exposures in trust and assets management plan include guarantees, collaterals and pledges.

10.3 Market risk

The Group is exposed to market risk, which is the risk of loss to its on – and off-balance sheet businesses caused by unfavourable changes in market prices (interest rates, exchange rates, and stock and commodity prices). Market risk includes interest rate risk, exchange rate (including gold bullion) risk, equity price risk and commodity price risk, arising from adverse movements in interest rates, exchange rates, stock prices and commodity price, respectively.

The market risk faced by the Group mainly arises from the Bank's business activities. The Bank and its subsidiaries independently manage their own market risk.

The Bank distinguishes between banking books and trading books in accordance with requirements of regulatory authorities and the general practices of the banking industry, and adopts different methods to identify, measure, monitor and control their respective market risks based on the nature and characteristics of banking and trading books.

Trading books refer to the financial instruments, foreign exchange and commodities positions which could be traded freely. They are held by the Bank for trading or hedging against other risks in the trading book. Positions in the trading book must not be subject to any trading restrictions, or be able to fully hedge against the risks. These positions must also be valued accurately and managed proactively as well. In contrast, the Bank's other businesses are included in the banking books.

10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(1) Market risk measurement techniques

The Bank selects appropriate and generally accepted measurement methods for the different types of market risks in its banking books and trading books based on actual needs of the business.

In accordance with regulatory requirements and in response to interest rate risk of the banking books, the Bank develops measurement methods that are appropriate for the size and structure of its assets and liabilities, and performs quantitative assessment of the impact of interest rate changes on the Bank's banking book net interest income and economic value by adopting methods such as gap analysis, net interest income simulation analysis, and economic value simulation analysis.

Interest rate risk of the trading books are measured by using methods such as duration analysis, scenario analysis, sensitivity analysis and value at risk (VaR).

Exchange rate risks of the banking books include exposure in foreign exchange settlement and sales, foreign currency capital funds, loss in foreign currency profits due to settlement of foreign exchange, and shrinking of foreign currency assets compared to the local currency. The Bank assesses the impact of future exchange rate risk based on the exchange rate tendency and the future changes in the Bank's asset and liability portfolios.

Exchange rate risk of trading books arises from currency exposure conducted for customers, market making, proprietary trading, foreign exchange and foreign exchange derivative financial instrument transactions for the purpose of obtaining spreads or locking in arbitrage. The Bank measures exchange rate risk indicators through the identification of exchange rate risk factors and comprehensively evaluates the impact of changes in risk factors on each portfolio, product category and the Bank's profit and loss situation.

The Bank is fully aware of the pros and cons of different methods for measurement of market risks, and therefore adopts other methods, such as stress tests, for complementation. Stress scenarios applied to market risk stress testing include expert scenarios, historical scenarios, and hybrid scenarios.

(2) Currency risk

Currency risk refers to the foreign exchange and foreign exchange derivatives positions, the risk of losses of banks arise from adverse changes of exchange rate. The Group uses RMB as its bookkeeping currency, and the Group's assets and liabilities are denominated in RMB, and the rest are mainly US dollars and Hong Kong dollars.

The Group manages the exchange rate risk by controlling each currency exposure limits and total exposure.

The Group manages the currency risk in the frame of the exposure limit by daily monitoring, reporting and analysing.

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10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(2) Currency risk *(continued)*

The following tables present the Group's foreign exchange risk exposures as at the end of the reporting period. The carrying values of assets and liabilities denominated in foreign currencies have been converted into RMB.

	31 December 2023				
	RMB	USD	HKD	Others	Total
Assets:					
Cash and balances with central bank	352,299	37,584	286	198	390,367
Balances with banks and other financial institutions	60,976	18,731	2,417	47,554	129,678
Placements with banks and other financial institutions	154,348	15,767	1,996	667	172,778
Financial assets held under resale agreements	35,773	–	–	–	35,773
Loans and advances to customers	4,171,618	96,216	35,541	20,533	4,323,908
Financial investments	2,140,966	109,853	6,594	14,729	2,272,142
Long-term receivables	102,608	16,826	–	–	119,434
Other assets	160,120	41,659	802	28,304	230,885
Total assets	7,178,708	336,636	47,636	111,985	7,674,965
Liabilities:					
Borrowings from central bank	326,454	–	–	–	326,454
Deposits and placements from banks and other financial institutions	1,127,986	83,835	16,994	13,244	1,242,059
Borrowings from banks and other financial institutions	76,798	35,854	3,063	–	115,715
Financial assets sold under repurchase agreements	178,632	10,227	1,913	361	191,133
Deposits from customers	4,164,357	159,474	19,084	10,366	4,353,281
Debt securities issued	675,614	212	–	–	675,826
Lease liabilities	9,409	–	151	–	9,560
Other liabilities	111,001	10,814	1,290	31	123,136
Total liabilities	6,670,251	300,416	42,495	24,002	7,037,164
Net position	508,457	36,220	5,141	87,983	637,801
Foreign currency derivatives	66,000	(33,807)	(11,776)	(20,421)	(4)
Off-balance sheet credit commitments	1,239,280	34,165	2,380	3,795	1,279,620

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10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(2) Currency risk *(continued)*

	31 December 2022				
	RMB	USD	HKD	Others	Total
Assets:					
Cash and balances with central bank	296,558	41,538	292	164	338,552
Balances with banks and other financial institutions	61,541	20,898	3,388	2,878	88,705
Placements with banks and other financial institutions	166,669	11,307	1,975	2,483	182,434
Financial assets held under resale agreements	3,010	–	–	–	3,010
Loans and advances to customers	3,875,087	137,271	34,039	26,585	4,072,982
Financial investments	2,080,228	128,989	3,340	13,313	2,225,870
Long-term receivables	92,706	18,750	–	–	111,456
Other assets	157,821	44,088	5,608	25,147	232,664
Total assets	6,733,620	402,841	48,642	70,570	7,255,673
Liabilities:					
Borrowings from central bank	144,801	–	–	–	144,801
Deposits and placements from banks and other financial institutions	1,374,617	82,331	9,793	12,300	1,479,041
Borrowings from banks and other financial institutions	67,198	34,970	3,061	–	105,229
Financial assets sold under repurchase agreements	85,116	19,024	–	–	104,140
Deposits from customers	3,853,834	150,470	13,293	33,995	4,051,592
Debt securities issued	640,399	7,708	–	–	648,107
Lease liabilities	9,269	–	157	–	9,426
Other liabilities	86,121	12,429	1,937	36	100,523
Total liabilities	6,261,355	306,932	28,241	46,331	6,642,859
Net position	472,265	95,909	20,401	24,239	612,814
Foreign currency derivatives	58,646	(35,918)	(17,236)	(3,157)	2,335
Off-balance sheet credit commitments	1,214,705	44,030	1,672	3,481	1,263,888

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10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(2) Currency risk *(continued)*

The Group conducts sensitivity analysis on the net foreign currency position to identify the impact on the income statement of potential movements in foreign currency exchange rates against the RMB. As at 31 December 2023, assuming other variables remain unchanged, with 1% appreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB970 million (31 December 2022 with 1% appreciation increase by RMB1,054 million); with 1% depreciation of the US dollar against the RMB would decrease both the Group's net profit and equity by RMB970 million (31 December 2022: decrease by RMB1,054 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities that contains the following assumptions:

a. The sensitivity of each type of exchange rate refers to the exchange gain or loss caused by a fluctuation in the absolute value of closing foreign currency rate by 1% against the RMB's average rate on the reporting date;

b. The fluctuation of exchange rates by 1% is based on the assumption of exchange rates movement from the current reporting date to the next reporting date;

c. The fluctuation of exchange rates for all foreign currencies represents the fluctuation of exchange rates in US dollars and other foreign currencies against RMB in the same direction simultaneously. Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars, other foreign currencies are converted into US dollars through sensitivity analysis;

d. The foreign exchange exposures calculated includes spot and forward foreign exchange exposures and swaps;

e. Other variables (including interest rates) remained unchanged; and

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

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

10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(3) Interest rate risk

Interest rate risk refers to the adverse changes of the level of interest rate, term structure and other factors, which lead to loss on the economic value and bank revenue. Interest rate risk include gap risk, basis risk and option risk, and the gap risk and basis risk are the main sources of risk for the Group.

(a) The trading books

The adverse changes due to the interest rate risk of the trading books related to the financial instruments and commodity positions will cause loss for trading books. The scope of managing interest rate risk of the trading books covers all products and businesses that are sensitive to changes in interest rates, including domestic and foreign currency bond investments, money market transactions, interest rate derivatives, foreign exchange derivatives, precious metal derivatives, and complex derivatives, etc.

The Group mainly uses indicators for scale size, profit and loss indicators, valuation, sensitivity analysis, VaR analysis, duration analysis, stress testing and other methods to quantitatively analyze interest rate risk, and incorporates market risk measurement models into daily risk management.

The Group sets risk limits such as interest rate sensitivity, duration, exposure, and loss limits to effectively control the interest rate risk of the trading books, and manages the interest rate risk within exposure limit through daily monitoring.

(b) The banking books

The primary techniques applied by the Group in measuring and analysing interest rate risk are mainly scenario analyses, repricing gap analyses, valuation analyses, sensitivity analyses, duration analyses and stress testing. The Group manages the interest rate risk using the framework of exposure limit by periodically monitoring and reporting.

The Group strengthens interest rate risk management in the banking book by setting risk limits such as duration and valuation loss tolerance. The Group closely monitors trends of interest rate changes for both RMB and foreign currencies, follows market interest rate changes, performs scenario analyses and stress tests on a regular basis, and adjusts asset and liability maturity strategy, interest rates of deposits and loans in both RMB and foreign currencies as well as repricing strategy to manage interest rate risk.

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10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(3) Interest rate risk *(continued)*

The following tables present the Group's exposure to interest rate risk, indicating net carrying amounts of assets and liabilities based on their contractual repricing dates or maturity dates whichever are earlier.

	31 December 2023						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	383,233	–	–	–	–	7,134	390,367
Balances with banks and other financial institutions	115,119	5,719	7,065	1,567	85	123	129,678
Placements with banks and other financial institutions	26,141	26,616	71,398	48,227	–	396	172,778
Financial assets held under resale agreements	35,434	300	–	–	–	39	35,773
Loans and advances to customers	792,629	711,038	1,850,375	776,058	157,984	35,824	4,323,908
Financial investments	89,858	147,604	324,086	996,360	518,235	195,999	2,272,142
Long-term receivables	18,054	8,370	44,018	44,041	4,951	–	119,434
Other assets	211	29	183	30	–	230,432	230,885
Total assets	1,460,679	899,676	2,297,125	1,866,283	681,255	469,947	7,674,965
Liabilities:							
Borrowings from central bank	10,013	68,923	244,539	–	–	2,979	326,454
Deposits and placements from banks and other financial institutions	574,151	281,427	380,004	–	–	6,477	1,242,059
Borrowings from banks and other financial institutions	26,396	32,744	50,883	4,502	422	768	115,715
Financial assets sold under repurchase agreements	133,326	21,316	36,139	–	–	352	191,133
Deposits from customers	2,198,701	333,487	692,635	1,057,624	556	70,278	4,353,281
Debt securities issued	33,723	177,805	323,222	47,576	89,992	3,508	675,826
Lease liabilities	230	362	2,153	5,608	1,207	–	9,560
Other liabilities	67	1,053	985	–	–	121,031	123,136
Total liabilities	2,976,607	917,117	1,730,560	1,115,310	92,177	205,393	7,037,164
Interest rate gap	(1,515,928)	(17,441)	566,565	750,973	589,078	264,554	637,801

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(3) Interest rate risk *(continued)*

	31 December 2022						
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	Total
Assets:							
Cash and balances with central bank	331,432	–	–	–	–	7,120	338,552
Balances with banks and other financial institutions	82,141	2,621	3,857	–	–	86	88,705
Placements with banks and other financial institutions	19,249	34,145	128,685	–	–	355	182,434
Financial assets held under resale agreements	2,985	–	–	–	–	25	3,010
Loans and advances to customers	1,156,390	429,945	1,751,652	490,349	215,169	29,477	4,072,982
Financial investments	45,168	24,346	568,216	901,670	389,955	296,515	2,225,870
Long-term receivables	19,316	9,353	43,412	34,429	4,946	–	111,456
Other assets	779	–	165	41	–	231,679	232,664
Total assets	1,657,460	500,410	2,495,987	1,426,489	610,070	565,257	7,255,673
Liabilities:							
Borrowings from central bank	10,060	30,141	102,847	–	–	1,753	144,801
Deposits and placements from banks and other financial institutions	644,502	262,009	566,149	–	–	6,381	1,479,041
Borrowings from banks and other financial institutions	30,582	23,279	37,175	12,703	917	573	105,229
Financial assets sold under repurchase agreements	48,603	30,327	24,740	110	–	360	104,140
Deposits from customers	2,106,000	302,295	742,430	842,802	–	58,065	4,051,592
Debt securities issued	13,597	232,358	228,589	79,994	89,991	3,578	648,107
Lease liabilities	302	487	2,026	5,440	1,171	–	9,426
Other liabilities	–	–	4,679	–	–	95,844	100,523
Total liabilities	2,853,646	880,896	1,708,635	941,049	92,079	166,554	6,642,859
Interest rate gap	(1,196,186)	(380,486)	787,352	485,440	517,991	398,703	612,814

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10 Financial risk management *(continued)*

10.3 Market risk *(continued)*

(3) Interest rate risk *(continued)*

If yield curves for respective currencies move in parallel for 100 basis points on 1 January, their potential impact on the Group's net interest income and shareholders' equity for the following year is as follows:

	31 December 2023 (Loss)/Gain	31 December 2022 (Loss)/Gain
Up 100 bps parallel shift in yield curves	**(8,469)**	(8,132)
Down 100 bps parallel shift in yield curves	**8,469**	8,132

In performing the interest rate sensitivity analysis, the Group and the Bank has made general assumptions in defining business terms and financial parameters, but have not considered the following:

a. business changes after the end of the reporting period, as the analysis is performed based on the static gap at the end of the reporting period;

b. the impact of interest rate fluctuations on customers' behaviour;

c. the complicated relationship between complex structured products (e.g. embedded call options and other derivative financial instruments) and interest rate fluctuations;

d. the impact of interest rate fluctuations on market prices;

e. the impact of interest rate fluctuations on off-balance sheet products;

f. the impact of interest rate fluctuations on fair value of financial instruments;

g. other variables (including foreign exchange rate); and

h. other risk management measures in the Group.

10 Financial risk management *(continued)*

10.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations.

During the reporting period, the Bank's subsidiaries manage their respective liquidity risks according to the Group's liquidity risk management framework, and the Bank manages the liquidity risk of all its branches and business lines.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, loan drawdowns, guarantees and other calls on cash-settled derivatives. The Bank does not maintain cash resources to meet all these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the full amounts under commitments, because the Bank does not generally expect the third party to fully draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

(1) Liquidity risk management policy

The Bank and its subsidiaries separately and independently develop their liquidity risk management policies.

The Board of Directors is ultimately responsible for liquidity risk management including reviewing and approving liquidity risk appetite, liquidity risk management strategy, major policies and procedures. The Bank's senior management is responsible for formulating liquidity risk management policies according to the development strategy of the Bank. The Asset and Liability and Financial Management Department is responsible for the daily liquidity risk management through the following procedures:

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(Continued)*

(1) Liquidity risk management policy *(Continued)*

To manage the day-to-day position through monitoring the future cash flow to ensure it meets the required fund position, including matured deposits and replenishment of funds for loan demand. The Bank actively participates in global money market transactions to ensure that the Bank's funding requirements are satisfied;

To set ratio requirements and transactions limits to help monitor and manage liquidity risks. The ratios include but are not limited to liquidity coverage ratios, liquidity ratios, net stable funding ratios and liquidity matching rate;

To measure and monitor cash flows through the Bank's asset and liabilities management system, and perform liquidity scenario analyses and stress testing on overall assets and liabilities to satisfy internal and external requirements. Various techniques are used to estimate the Bank's liquidity requirements, and liquidity risk management decisions are made based on the estimated liquidity requirements and within respective terms of reference. A periodical reporting system is established to promptly update senior management on latest liquidity risk information;

To monitor the maturity concentration risk of financial assets and hold an appropriate quantity of high-liquidity and high-market-value assets to ensure the Bank is well positioned to fund its repayment obligations and business growth in the event of an interruption of cash flows due to whatever causes.

(2) Maturity analysis

The following tables present the maturity analysis of assets and liabilities of the Group as at the end of the reporting period. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than one month, and also equity investments and fund investments in financial investment; and repayable on demand with respect to loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than one month.

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.4 Liquidity risk *(Continued)*

(2) Maturity analysis *(Continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,921	5,306	5,729	7,070	1,567	85	129,678
Placements with banks and other financial institutions	217	–	26,028	26,743	71,520	48,270	–	172,778
Financial assets held under resale agreements	432	–	35,040	301	–	–	–	35,773
Loans and advances to customers	50,052	9,377	372,788	313,879	1,260,862	1,204,067	1,112,883	4,323,908
Financial investments	192,027	–	56,271	139,940	316,281	1,043,099	524,524	2,272,142
Long-term receivables	5,242	1,198	4,715	9,261	37,843	55,852	5,323	119,434
Other assets	178,662	618	11,284	10,229	17,390	11,178	1,524	230,885
Total assets	719,292	218,821	511,432	506,082	1,710,966	2,364,033	1,644,339	7,674,965

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(2) Maturity analysis *(continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,269	70,450	245,735	–	–	326,454
Deposits and placements from banks and other financial institutions	–	450,230	128,399	282,733	380,697	–	–	1,242,059
Borrowings from banks and other financial institutions	–	–	21,102	22,674	58,122	11,860	1,957	115,715
Financial assets sold under repurchase agreements	–	–	133,431	21,384	36,318	–	–	191,133
Deposits from customers	–	2,041,989	192,282	339,835	703,849	1,074,916	410	4,353,281
Debt securities issued	–	–	33,723	179,346	325,189	47,576	89,992	675,826
Lease liabilities	–	–	230	362	2,153	5,608	1,207	9,560
Other liabilities	2,178	10,448	14,081	61,728	20,064	12,748	1,889	123,136
Total liabilities	2,178	2,502,667	533,517	978,512	1,772,127	1,152,708	95,455	7,037,164
Net position	717,114	(2,283,846)	(22,085)	(472,430)	(61,161)	1,211,325	1,548,884	637,801
Notional amount of derivatives	–	–	751,399	946,685	1,952,414	889,620	2,370	4,542,488

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(2) Maturity analysis *(continued)*

	31 December 2022							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	312,268	26,284	–	–	–	–	–	338,552
Balances with banks and other financial institutions	–	80,919	1,279	2,629	3,878	–	–	88,705
Placements with banks and other financial institutions	669	–	18,657	34,219	128,889	–	–	182,434
Financial assets held under resale agreements	459	–	2,551	–	–	–	–	3,010
Loans and advances to customers	48,651	8,812	369,624	275,822	1,250,221	1,052,778	1,067,074	4,072,982
Financial investments	289,432	–	52,147	86,791	447,722	954,406	395,372	2,225,870
Long-term receivables	5,613	1,112	5,332	6,781	35,159	52,490	4,969	111,456
Other assets	174,042	3,465	9,206	15,548	19,644	7,815	2,944	232,664
Total assets	831,134	120,592	458,796	421,790	1,885,513	2,067,489	1,470,359	7,255,673

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(2) Maturity analysis *(continued)*

	31 December 2022							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,334	30,875	103,592	–	–	144,801
Deposits and placements from banks and other financial institutions	–	454,718	194,279	262,911	567,133	–	–	1,479,041
Borrowings from banks and other financial institutions	–	–	19,475	19,687	41,573	21,716	2,778	105,229
Financial assets sold under repurchase agreements	–	–	48,707	30,452	24,870	111	–	104,140
Deposits from customers	–	1,970,754	166,306	306,641	753,044	854,847	–	4,051,592
Debt securities issued	–	–	15,049	232,495	230,578	79,994	89,991	648,107
Lease liabilities	–	–	302	487	2,026	5,440	1,171	9,426
Other liabilities	5,226	345	13,607	25,777	41,601	13,272	695	100,523
Total liabilities	5,226	2,425,817	468,059	909,325	1,764,417	975,380	94,635	6,642,859
Net position	825,908	(2,305,225)	(9,263)	(487,535)	121,096	1,092,109	1,375,724	612,814
Notional amount of derivatives	–	–	606,557	762,778	1,610,652	825,589	6,235	3,811,811

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities

The following tables present the analysis of the undiscounted contractual cash flows of the Group's non-derivative assets and liabilities as at the end of the reporting period. The Group manages its liquidity risk based on its estimation of expected future cash flows. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than 1 month, and also equity investments and fund investments in financial investments; and repayable on demand with respect to, loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than 1 month.

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities *(continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	292,660	97,707	–	–	–	–	–	390,367
Balances with banks and other financial institutions	–	109,925	5,322	5,833	7,184	1,567	85	129,916
Placements with banks and other financial institutions	1,193	–	26,666	27,901	73,815	49,066	–	178,641
Financial assets held under resale agreements	457	–	35,047	301	–	–	–	35,805
Loans and advances to customers	99,954	12,319	389,545	342,981	1,373,433	1,471,118	1,514,245	5,203,595
Financial investments	192,112	–	60,009	147,978	357,696	1,152,401	627,474	2,537,670
Long-term receivables	8,280	1,317	5,115	10,073	41,373	64,956	7,218	138,332
Other assets	183,277	618	6,524	1,707	8,975	9,083	1,443	211,627
Total assets (expected maturity date)	777,933	221,886	528,228	536,774	1,862,476	2,748,191	2,150,465	8,825,953

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities *(continued)*

	31 December 2023							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,276	70,738	250,580	–	–	331,594
Deposits and placements from banks and other financial institutions	–	450,627	128,757	283,159	381,551	–	–	1,244,094
Borrowings from banks and other financial institutions	–	–	21,165	24,296	59,660	13,193	2,217	120,531
Financial assets sold under repurchase agreements	–	–	133,456	21,471	36,913	–	–	191,840
Deposits from customers	–	2,041,989	193,088	347,730	712,469	1,099,296	411	4,394,983
Debt securities issued	–	–	33,772	180,476	331,485	64,360	95,542	705,635
Lease liabilities	–	–	251	394	2,342	6,100	1,313	10,400
Other liabilities	2,178	10,448	7,896	49,716	10,569	11,174	1,879	93,860
Total liabilities (contractual maturity date)	2,178	2,503,064	528,661	977,980	1,785,569	1,194,123	101,362	7,092,937

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(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities *(continued)*

	31 December 2022							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Assets:								
Cash and balances with central bank	312,268	26,284	–	–	–	–	–	338,552
Balances with banks and other financial institutions	–	80,922	1,280	2,640	3,913	–	–	88,755
Placements with banks and other financial institutions	1,946	–	19,323	35,239	130,545	–	–	187,053
Financial assets held under resale agreements	464	–	2,565	–	–	–	–	3,029
Loans and advances to customers	90,890	10,803	383,975	303,587	1,358,172	1,302,221	1,483,538	4,933,186
Financial investments	290,165	–	51,415	85,583	445,120	949,165	392,826	2,214,274
Long-term receivables	8,889	1,227	5,639	7,402	38,875	61,325	6,668	130,025
Other assets	175,556	3,464	3,165	4,041	7,546	4,727	5,432	203,931
Total assets (expected maturity date)	880,178	122,700	467,362	438,492	1,984,171	2,317,438	1,888,464	8,098,805

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities *(continued)*

	31 December 2022							
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Liabilities:								
Borrowings from central bank	–	–	10,345	30,995	105,617	–	–	146,957
Deposits and placements from banks and other financial institutions	–	454,718	194,364	263,362	569,656	–	–	1,482,100
Borrowings from banks and other financial institutions	–	–	19,527	20,124	43,085	23,489	3,140	109,365
Financial assets sold under repurchase agreements	–	–	48,729	30,583	25,613	116	–	105,041
Deposits from customers	–	1,970,754	168,228	318,342	754,766	944,257	–	4,156,347
Debt securities issued	–	–	15,576	233,460	235,217	99,535	95,542	679,330
Lease liabilities	–	–	330	533	2,216	5,951	1,281	10,311
Other liabilities	5,226	345	7,763	21,811	26,432	11,712	675	73,964
Total liabilities (contractual maturity date)	5,226	2,425,817	464,862	919,210	1,762,602	1,085,060	100,638	6,763,415

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(4) Analysis on contractual undiscounted cash flows of derivatives

(a) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Interest rate derivatives	Interest rate swaps
Credit derivatives	Credit default swaps

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a net basis as at the end of the reporting period.

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives	(168)	70	412	63	–	377
Interest rate derivatives	39	681	780	786	11	2,297
Credit derivatives	16	–	37	82	–	135
Total	(113)	751	1,229	931	11	2,809

	31 December 2022					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives	(129)	230	1,993	(2)	–	2,092
Interest rate derivatives	(30)	(36)	(101)	(85)	20	(232)
Credit derivatives	1	–	–	29	–	30
Total	(158)	194	1,892	(58)	20	1,890

(b) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis include:

Foreign exchange derivatives	Foreign exchange forwards, swaps and options
Precious metal derivatives	Precious metal forwards and swaps

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10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(4) Analysis on contractual undiscounted cash flows of derivatives *(continued)*

(b) Derivatives settled on a gross basis *(continued)*

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a gross basis as at the end of the reporting period.

	31 December 2023					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives						
– Cash outflow	(120,834)	(94,199)	(158,192)	(128,398)	–	(501,623)
– Cash inflow	120,784	93,355	158,387	128,716	–	501,242
Precious metal derivatives						
– Cash outflow	(25,222)	(23,262)	(28,125)	–	–	(76,609)
– Cash inflow	23,873	20,224	26,927	–	–	71,024
Total cash outflow	(146,056)	(117,461)	(186,317)	(128,398)	–	(578,232)
Total cash inflow	144,657	113,579	185,314	128,716	–	572,266

	31 December 2022					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives						
– Cash outflow	(94,432)	(120,764)	(138,759)	(129,570)	–	(483,525)
– Cash inflow	93,639	121,567	139,889	128,673	–	483,768
Precious metal derivatives						
– Cash outflow	(12,435)	(37,107)	(27,773)	–	–	(77,315)
– Cash inflow	12,611	35,468	26,003	–	–	74,082
Total cash outflow	(106,867)	(157,871)	(166,532)	(129,570)	–	(560,840)
Total cash inflow	106,250	157,035	165,892	128,673	–	557,850

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(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management *(continued)*

10.4 Liquidity risk *(continued)*

(5) Analysis on contractual undiscounted cash flows of commitments

Management treats contractual maturity as the best estimate for analysing liquidity risk of off-balance sheet items, unless an objective evidence of default is identified.

	31 December 2023			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank acceptances	476,334	–	–	476,334
Letters of credit	106,523	507	–	107,030
Guarantees	86,733	43,912	351	130,996
Unused credit card commitments	514,685	–	–	514,685
Irrevocable credit commitments	35,731	11,177	3,667	50,575
Total	1,220,006	55,596	4,018	1,279,620

	31 December 2022			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank acceptances	495,920	–	–	495,920
Letters of credit	81,938	237	–	82,175
Guarantees	94,865	37,652	1,878	134,395
Unused credit card commitments	489,137	–	–	489,137
Irrevocable credit commitments	45,147	16,351	763	62,261
Total	1,207,007	54,240	2,641	1,263,888

10.5 Operational risk

Operational risk refers to the risk of loss due to deficient and flawed internal procedures, personnel and information technology (IT) system, or external events. The operational risk of the Group mainly comprises internal and external fraud, employment system, and safety of working places, events related to customers, products and operation, damages of tangible assets, interruption of business, failure of IT system, implementation, delivery and process management.

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10 Financial risk management *(continued)*

10.5 Operational risk *(Continued)*

During the reporting period, the Bank optimized its operational risk management system, enhanced the closed-loop management process, refined operational risk management tools, and improved the granular level of operational risk management. As part of its efforts to promote the implementation of new standard approach for operational risk under Basel III, the Bank carries out a series of preparatory work including policies review, measurement and calculation, system construction, training and publicity to meet regulatory compliance. To implement new outsourcing risk control mechanisms, the Bank supervises outsourcing projects across the Bank. The Bank also continuously improves the business continuity management system, updates business impact analysis and risk assessment results and organises comprehensive practices across the Bank to enhance its ability to tackle with operational disruption events.

10.6 Country risk

The Group is exposed to country risk, which represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Group or otherwise leads to business losses or other losses to the Group in that country or region. The country risk results from the economic deterioration of a specific country or region, the political and social turmoil, the nationalization or expropriation of assets, the Government's refusal of debt redemption, the restriction of foreign currency, the currency depreciation, and so on.

The country risk faced by the Group mainly arises from overseas credit business, bond investment, bill business, interbank financing, financial derivative trading, offshore leasing business, investment banking business, securities investment and establishment of overseas institutions.

Country risk management is included in the comprehensive risk management system of the Group and serves the objective of business strategy of the Bank. The Group manages and controls country risk through a number of tools including risk assessment and rating, limit setting, monitoring, improvement to review procedures, and formulation of polices to accrue country risk reserve.

10 Financial risk management *(continued)*

10.7 Capital management

In managing capital, the Group enhances capital budget, capital configuration and evaluation management, optimize business structure, promote capital utilization efficiency and create value, based on meeting regulatory requirements and raising risk resistance ability.

Starting from 1 January 2013, the Group computes the capital adequacy ratios in accordance with *The Capital Rules for Commercial Banks (Provisional)* and other relevant regulations. The on-balance sheet risk-weighted assets are measured by using different risk weights, which are determined in accordance with Appendix 2 of *The Capital Rules for Commercial Banks (Provisional)*, and taking into account the risk mitigation effect provided by the qualified pledges or qualified guarantee entities. The off-balance sheet risk-weighted assets are measured by multiplying the nominal amounts with the credit conversion factors to come out the on-balance sheet assets equivalents, then applied same approach used for on-balance sheet assets for risk-weighted assets computation. Market risk-weighted assets are calculated by using the standardised approach. Operational risk-weighted assets are calculated by using basic indicator approach.

The Group's capital adequacy ratios are calculated in accordance with *The Capital Rules for Commercial Banks (Provisional)* and other relevant regulations. For the Group, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.75%, 8.75% and 10.75%, respectively.

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10 Financial risk management *(continued)*

10.7 Capital management *(Continued)*

The Group calculates the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio in accordance with *The Capital Rules for Commercial Banks (Provisional)* and relevant requirements as below:

	31 December 2023	31 December 2022
Core tier-one capital adequacy ratio	**9.28%**	9.17%
Tier-one capital adequacy ratio	**10.95%**	10.91%
Capital adequacy ratio	**13.14%**	13.14%
Components of capital base		
Core tier-one capital:		
Share capital	**43,782**	43,782
Valid portion of capital reserve	**58,149**	58,149
Surplus reserve	**58,805**	55,276
General reserve	**95,237**	90,494
Retained earnings	**271,645**	257,877
Valid portion of non-controlling interests	**8,053**	7,943
Others	**2,022**	(612)
Core tier-one capital	**537,693**	512,909
Core tier-one capital deductions	**(3,841)**	(6,931)
Net core tier-one capital	**533,852**	505,978
Net other tier-one capital	**96,036**	96,021
Net tier-one capital	**629,888**	601,999
Tier-two capital:		
Valid portion of tier-two capital instruments issued and share premium	**89,992**	89,991
Surplus provision for loan impairment	**33,388**	31,028
Valid portion of non-controlling interests	**2,148**	2,118
Net tier-two capital	**125,528**	123,137
Net capital base	**755,416**	725,136

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10 Financial risk management *(continued)*

10.7 Capital management *(Continued)*

	31 December 2023	31 December 2022
Credit risk-weighted assets	**5,413,859**	5,144,232
Market risk-weighted assets	**65,225**	72,760
Operational risk-weighted assets	**270,988**	300,297
Total risk-weighted assets	**5,750,072**	5,517,289

11 Fair value of financial instruments

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.

Level 2: The debt securities classified as level 2 are RMB bonds and foreign currency bonds. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Other financial instruments classified as level 2 include derivative contracts, discounted bills and forfaiting, which are valued using discounted cash flow method and Blair-Scholes model, etc. All significant valuation parameters are obtained from observable market information.

Level 3: Financial instruments classified as level 3 include equity instruments and debt instruments, whose valuation involves one or more significant unobservable inputs, mainly including right of trust benefit, non-listed equities, subordinated tranches of asset-backed securities, convertible bonds, and asset management plans, etc. The valuation techniques used include discounted cash flow method, market approach and income approach, etc. Unobservable inputs for valuation models include discount rates and discounts for lack of marketability (DLOM), etc.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

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11 Fair value of financial instruments *(continued)*

11.1 Financial instruments recorded at fair value

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

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	–	142,836	3,255	146,091
Equity investments	1,535	1,932	16,170	19,637
Investment funds	118,979	11,115	1,463	131,557
Trust and asset management plans	–	10,975	6,210	17,185
Others	3,979	202	1,896	6,077
Financial assets at fair value through other comprehensive income				
Debt securities	–	411,160	940	412,100
Equity investments	–	2,578	5,893	8,471
Loans and advances to customers at fair value through other comprehensive income	–	279,998	–	279,998
Derivative financial assets				
Foreign exchange derivatives	–	22,130	–	22,130
Interest rate derivatives	–	1,733	–	1,733
Precious metal derivatives	–	908	–	908
Others	–	26	–	26
Total	124,493	885,593	35,827	1,045,913
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	–	(22,011)	–	(22,011)
Interest rate derivatives	–	(676)	–	(676)
Precious metal derivatives	–	(6,585)	–	(6,585)
Others	–	(4)	–	(4)
Financial liabilities at fair value through profit or loss	–	(35,013)	(814)	(35,827)
Total	–	(64,289)	(814)	(65,103)

(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments *(continued)*

11.1 Financial instruments recorded at fair value *(continued)*

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
Debt securities	–	110,412	2,229	112,641
Equity investments	1,047	1,698	18,682	21,427
Investment funds	220,666	12,311	2,475	235,452
Trust and asset management plans	–	9,412	4,773	14,185
Others	4,186	–	1,179	5,365
Financial assets at fair value through other comprehensive income				
Debt securities	–	461,778	841	462,619
Equity investments	–	5,331	5,261	10,592
Loans and advances to customers designated at fair value through other comprehensive income	–	254,775	–	254,775
Derivative financial assets				
Foreign exchange derivatives	–	29,129	–	29,129
Interest rate derivatives	–	2,889	–	2,889
Precious metal derivatives	–	1,836	–	1,836
Others	–	24	–	24
Total	225,899	889,595	35,440	1,150,934
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
Foreign exchange derivatives	–	(26,883)	–	(26,883)
Interest rate derivatives	–	(589)	–	(589)
Precious metal derivatives	–	(5,186)	–	(5,186)
Others	–	(17)	–	(17)
Financial liabilities at fair value through profit or loss	–	(1,645)	(270)	(1,915)
Total	–	(34,320)	(270)	(34,590)

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11 Fair value of financial instruments *(continued)*

11.1 Financial instruments recorded at fair value *(continued)*

For equity instruments and debt instruments whose valuation involves one or more than one significant unobservable inputs, the fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

11.2 Movement in level 3 financial instruments measured at fair value

The following table shows the movement of level 3 financial instruments during the year:

	Year ended 31 December 2023					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Total	Financial assets at fair value through profit or loss liabilities	Total liabilities
		Debt securities	Equity securities			
As at 1 January 2023	29,338	841	5,261	35,440	270	270
Total gains/(losses)						
In profit or loss	(617)	(13)	–	(630)	–	–
In other comprehensive income	–	2	569	571	–	–
Purchase/transfer in	4,639	140	63	4,842	544	544
Settlement/transfer out	(4,366)	(30)	–	(4,396)	–	–
As at 31 December 2023	28,994	940	5,893	35,827	814	814
Total realised gains included in the consolidated statement of profit or loss	55	–	–	55	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(672)	(13)	–	(685)	–	–

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11 Fair value of financial instruments *(continued)*

11.2 Movement in level 3 financial instruments measured at fair value *(continued)*

	Year ended 31 December 2022					
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Total	Financial assets at fair value through profit or loss liabilities	Total liabilities
		Debt securities	Equity securities			
As at 1 January 2022	31,200	622	2,625	34,447	–	–
Total gains/(losses)						
In profit or loss	(5,262)	(191)	–	(5,453)	–	–
In other comprehensive income	–	(74)	2,636	2,562	–	–
Purchase/transfer in	4,637	828	–	5,465	270	270
Settlement/transfer out	(1,237)	(344)	–	(1,581)	–	–
As at 31 December 2022	29,338	841	5,261	35,440	270	270
Total realised gains/(losses) included in the consolidated statement of profit or loss	70	(135)	–	(65)	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(5,332)	(56)	–	(5,388)	–	–

11 Fair value of financial instruments *(continued)*

11.3 Fair value of financial assets and liabilities not carried at fair value

(1) Cash and balances with central bank, balances with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers, long-term receivables, central bank deposits and placements from banks and other financial institutions, borrowings from banks and other financial institutions, deposits from customers and financial assets held under resale agreements and sold under repurchase agreements

Given that these financial assets and financial liabilities mainly mature within a year or adopt floating interest rates, their book values approximate their fair values.

(2) Financial investments measured at amortised cost

The fair value for financial assets measured at amortised cost-bonds is usually measured based on "bid" market prices or brokers'/dealers' quotations. If relevant market information is not available, the fair value is based on quoted price of security products with similar characteristics such as credit risk, materiality and yield.

(3) Debt securities issued

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments *(continued)*

11.3 Fair value of financial assets and liabilities not carried at fair value *(continued)*

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised and cost debt securities issued:

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	**1,531,024**	**1,536,026**	**–**	**1,488,415**	**47,611**
Financial liabilities					
Debt securities issued	**675,826**	**669,980**	**–**	**669,980**	**–**

	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	1,363,589	1,368,109	–	1,308,374	59,735
Financial liabilities					
Debt securities issued	648,107	645,077	–	645,077	–

12 Subsequent events

Up to the approval date of the consolidated financial statements, the Group had no material subsequent events for disclosure.

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13 Comparative figures

Certain comparative data has been restated to conform to the presentation and disclosure of the current period.

14 Statement of financial position and Statement of changes in equity of the Bank

	31 December 2023	31 December 2022
ASSETS		
Cash and balances with central bank	387,434	335,491
Balances with banks and other financial institutions	100,127	69,476
Precious metals	28,285	25,167
Placements with banks and other financial institutions	201,606	209,923
Derivative financial assets	24,694	33,711
Financial assets held under resale agreements	25,845	2,551
Loans and advances to customers	4,310,985	4,051,123
Financial investments:	2,226,240	2,199,557
– Financial assets at fair value through profit or loss	289,565	380,523
– Financial assets measured at amortised cost	1,526,792	1,362,676
– Financial assets at fair value through other comprehensive income	409,883	456,358
Property and equipment	26,082	25,442
Right-of-use assets	12,221	12,150
Deferred income tax assets	51,815	53,037
Investment in subsidiaries	13,413	13,381
Other assets	29,386	30,604
Total assets	7,438,133	7,061,613

(Expressed in millions of Renminbi, unless otherwise stated)

14 Statement of financial position and Statement of changes in equity of the Bank *(continued)*

	31 December 2023	31 December 2022
LIABILITIES		
Borrowings from central bank	**326,137**	144,357
Deposits and placements from banks and other financial institutions	**1,260,132**	1,478,545
Financial liabilities at fair value through profit or loss	**2,320**	1,645
Derivative financial liabilities	**29,195**	32,675
Financial assets sold under repurchase agreements	**167,358**	92,095
Deposits from customers	**4,316,817**	4,016,971
Lease liabilities	**9,190**	9,148
Provisions	**1,787**	2,455
Debt securities issued	**670,391**	648,107
Current income tax liabilities	**992**	4,308
Other liabilities	**40,587**	41,827
Total liabilities	**6,824,906**	6,472,133
EQUITY		
Share capital	**43,782**	43,782
Other equity instrument	**94,962**	94,962
Including: Preference shares	**19,975**	19,975
Perpetual bonds	**74,987**	74,987
Reserves		
Capital reserve	**57,880**	57,880
Surplus reserve	**58,805**	55,276
General reserve	**91,290**	86,911
Other reserves	**1,699**	(438)
Retained earnings	**264,809**	251,107
Total equity	**613,227**	589,480
Total liabilities and equity	**7,438,133**	7,061,613

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14 Statement of financial position and Statement of changes in equity of the Bank *(continued)*

			Reserves							
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange Reserve	Cash flow hedging reserve	Retained earnings	Total
At 31 December 2022	43,782	94,962	57,880	55,276	86,911	(347)	(92)	1	251,107	589,480
(I) Net profit	–	–	–	–	–	–	–	–	35,291	35,291
(II) Other comprehensive income, net of tax	–	–	–	–	–	2,203	(44)	(18)	–	2,141
Total comprehensive income	–	–	–	–	–	2,203	(44)	(18)	35,291	37,432
(III) Profit distribution										
1. Appropriation to surplus reserve	–	–	–	3,529	–	–	–	–	(3,529)	–
2. Appropriation to general reserve	–	–	–	–	4,379	–	–	–	(4,379)	–
3. Cash dividends	–	–	–	–	–	–	–	–	(10,245)	(10,245)
4. Interest on perpetual bond	–	–	–	–	–	–	–	–	(3,440)	(3,440)
(IV) Transfers within the owners' equity										
1. Other comprehensive income transferred to retained earnings	–	–	–	–	–	(4)	–	–	4	–
At 31 December 2023	43,782	94,962	57,880	58,805	91,290	1,852	(136)	(17)	264,809	613,227

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14 Statement of financial position and Statement of changes in equity of the Bank *(continued)*

			Reserves							
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange Reserve	Cash flow hedging reserve	Retained earnings	Total
At 31 December 2021	43,782	89,964	57,880	51,843	85,278	750	(57)	(7)	235,278	564,711
(I) Net profit	–	–	–	–	–	–	–	–	34,327	34,327
(II) Other comprehensive income, net of tax	–	–	–	–	–	(1,097)	(35)	8	–	(1,124)
Total comprehensive income	–	–	–	–	–	(1,097)	(35)	8	34,327	33,203
(III) Capital injection and deduction by equity holders										
1. Capital injection by other equity instrument holders	–	4,998	–	–	–	–	–	–	–	4,998
(IV) Profit distribution										
1. Appropriation to surplus reserve	–	–	–	3,433	–	–	–	–	(3,433)	–
2. Appropriation to general reserve	–	–	–	–	1,633	–	–	–	(1,633)	-
3. Cash dividends	–	–	–	–	–	–	–	–	(10,202)	(10,202)
4. Interest on perpetual bond	–	–	–	–	–	–	–	–	(3,230)	(3,230)
At 31 December 2022	43,782	94,962	57,880	55,276	86,911	(347)	(92)	1	251,107	589,480

ISSUER

China Minsheng Banking Corp., Ltd. Hong Kong Branch
Flat/Rm 3701-3702, 12-16, 37/F & 40/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

INDEPENDENT AUDITOR OF THE BANK

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building, Central
Hong Kong

FISCAL AGENT AND PAYING AGENT

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CMU LODGING AND PAYING AGENT

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West
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Hong Kong

REGISTRAR

Deutsche Bank AG, Hong Kong Branch
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TRANSFER AGENT

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To the Joint Lead Managers as to English law

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To the Joint Lead Managers as to PRC law

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This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKSE**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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This document, together with the Offering Circular (as defined below) and the Supplemental Offering Circular (as defined below), includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Pricing Supplement dated 9 September 2024

China Minsheng Banking Corp., Ltd. Hong Kong Branch[1]

Issue of U.S.$300,000,000 Floating Rate Notes due 2027
under the U.S.$5,000,000,000 Medium Term Note Programme (the "**Programme**")

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the offering circular dated 4 March 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular as supplemented and amended by a supplemental offering circular dated 9 September 2024 (the "**Supplemental Offering Circular**").

1	Issuer:		China Minsheng Banking Corp., Ltd. Hong Kong Branch
2	(i)	Series Number:	012
	(ii)	Tranche Number	1
3	Specified Currency or Currencies:		U.S. Dollars ("**U.S.$**")
4	Aggregate Nominal Amount:		

1 A branch of China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the People's Republic of China.

	(i)	Series:	U.S.$300,000,000
	(ii)	Tranche:	U.S.$300,000,000
5	(i)	Issue Price:	100 per cent. of the Aggregate Nominal Amount
	(ii)	Gross proceeds:	U.S.$300,000,000
6	(i)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000
7	(i)	Issue Date:	13 September 2024
	(ii)	Interest Commencement Date:	Issue Date
8	Maturity Date:		Interest Payment Date falling on or nearest to 13 September 2027
9	Interest Basis:		SOFR Compounded Index + Margin (further particulars specified below)
10	Redemption/Payment Basis:		Redemption at par
11	Change of Interest or Redemption/ Payment Basis:		Not Applicable
12	Put/Call Options:		Not Applicable
13	Status of the Notes:		Senior Notes
14	Listing:		The Stock Exchange of Hong Kong Limited Listing is expected to be effective on 16 September 2024
15	Method of distribution:		Syndicated
16	Private Bank Rebate/Commission		Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions		Not Applicable
18	Floating Rate Note Provisions		Applicable
	(i)	Interest Period(s):	Each period beginning on and including the Interest Commencement Date and ending on but excluding the first Specified Interest Payment Date and each successive period beginning on and including a Specified Interest Payment Date and ending on but excluding the next succeeding Specified Interest Payment Date
	(ii)	Specified Interest Payment Dates:	13 March, 13 June, 13 September and 13 December, in each year, commencing on 13 December 2024 and ending on the

		Maturity Date, in each case subject to adjustment in accordance with the Business Day Convention set out in (iv) below
(iii)	Interest Period Date(s):	As defined in the Conditions
(iv)	Business Day Convention:	Modified Following Business Day Convention
(v)	Business Centre(s) (Condition 5(j)):	Not Applicable
(vi)	Manner in which the Rate(s) of Interest is/ are to be determined:	Screen Rate Determination (SOFR)
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	Deutsche Bank AG, Hong Kong Branch
(viii)	Screen Rate Determination (Condition 5(b)(iii)(B)):	Not Applicable
(ix)	Screen Rate Determination (SOFR) (Condition 5(b)(iii)(C)):	Applicable
	— Reference Rate:	SOFR Benchmark – SOFR Compounded Index
	— Compounded SOFR Average Method:	Not Applicable
	— SOFR Index $_{Start}$ Start Date:	Five (5) U.S. Government Securities Business Days preceding the first day of the relevant Interest Accrual Period
	— SOFR Index $_{End}$ End Date:	Five (5) U.S. Government Securities Business Days preceding the Interest Period Date relating to the relevant Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date)
	— Interest Determination Date(s):	The fifth U.S. Government Securities Business Day prior to the last day of each Interest Accrual Period
	— Lookback Days:	Not Applicable
	— SOFR Observation Shift Days:	Five (5) U.S. Government Securities Business Days
	— SOFR Rate Cut-Off Date:	Not Applicable
	— Interest Payment Delay Days:	Not Applicable
	— SOFR Index Unavailable:	Compounded SOFR formula
	— Observation Shift Days:	Five (5) U.S. Government Securities Business Days

	(x)	ISDA Determination (Condition 5(b)(iii)(A)):	Not Applicable
	(xi)	Margin(s):	+ 0.65 per cent. per annum
	(xii)	Minimum Rate of Interest:	Not Applicable
	(xiii)	Maximum Rate of Interest:	Not Applicable
	(xiv)	Day Count Fraction (Condition 5(j)):	Actual/360
	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Benchmark Event (SOFR)
19	Zero Coupon Note Provisions		Not Applicable
20	Index Linked Interest Note Provisions		Not Applicable
21	Dual Currency Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

22	Call Option		Not Applicable
23	Put Option		Not Applicable
24	Final Redemption Amount of each Note		U.S.$1,000 per Calculation Amount
25	Early Redemption Amount		
	(i)	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)) or Event of Default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	Registered Notes Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the permanent Global Certificate
27	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	New York and Hong Kong

28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
30	Details relating to Instalment Notes:	Not Applicable
31	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
32	Consolidation provisions:	The provisions in Condition 13 (*Further Issues)* apply
33	Other terms or special conditions:	Not Applicable

DISTRIBUTION

34 (i) If syndicated, names of Managers:

Joint Global Coordinators

1. China Minsheng Banking Corp., Ltd. Hong Kong Branch
2. Standard Chartered Bank
3. Bank of Communications Co., Ltd. Hong Kong Branch
4. CMBC Securities Company Limited
5. Industrial Bank Co., Ltd. Hong Kong Branch

Joint Bookrunners

6. Agricultural Bank of China Limited Hong Kong Branch
7. Bank of China Limited
8. CCB International Capital Limited
9. CEB International Capital Corporation Limited
10. China CITIC Bank International Limited
11. China Everbright Bank Co., Ltd., Hong Kong Branch
12. China Galaxy International Securities (Hong Kong) Co., Limited
13. China Industrial Securities International Brokerage Limited

14. China International Capital Corporation Hong Kong Securities Limited
15. China Securities (International) Corporate Finance Company Limited
16. China Zheshang Bank Co., Ltd. (Hong Kong Branch)
17. Chiyu Banking Corporation Limited
18. CLSA Limited
19. CMB International Capital Limited
20. CMB Wing Lung Bank Limited
21. CNCB (Hong Kong) Capital Limited
22. Guotai Junan Securities (Hong Kong) Limited
23. Haitong International Securities Company Limited
24. Hua Xia Bank Co., Limited Hong Kong Branch
25. Huatai Financial Holdings (Hong Kong) Limited
26. ICBC International Securities Limited
27. Industrial and Commercial Bank of China (Asia) Limited
28. Industrial and Commercial Bank of China (Macau) Limited
29. Industrial and Commercial Bank of China Limited, Singapore Branch
30. Korea Investment & Securities Asia Limited
31. Lion Global Financial Limited
32. Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
33. SMBC Nikko Securities (Hong Kong) Limited
34. SPDB International Capital Limited

	(ii)	Stabilisation Manager (if any):	Any one of the Dealers (other than China CITIC Bank International Limited) appointed and acting in its capacity as a stabilisation manager
35	If non-syndicated, name of Dealer:		Not Applicable
36	U.S. Selling Restrictions		Reg. S Category 1; TEFRA Not Applicable
37	Additional selling restrictions:		Not Applicable

38	Prohibition of Sales to EEA Retail Investors	Not Applicable
39	Prohibition of Sales to UK Retail Investors:	Not Applicable

OPERATIONAL INFORMATION

40	ISIN Code:	XS2896239659
41	Common Code:	289623965
42	Legal Entity Identifier of the Issuer:	635400BPCTF8TCGUXG82
43	Legal Entity Identifier of the Bank:	549300HBUGSQD1VCXG94
44	Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s):	Not Applicable
45	Delivery:	Delivery against payment
46	Additional Paying Agents (if any):	None

GENERAL

47	The aggregate principal amount of Notes issued has been translated into US dollars at the rate of N/A, producing a sum of (for Notes not denominated in US dollars):		Not Applicable
48	In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong:		Not Applicable
49	In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London:		Not Applicable
50	(i)	Date of corporate approval (s) for the issuance of the Notes:	21 February 2023 (resolution of the board of directors) 9 June 2023 (resolution of the shareholders)
	(ii)	Date of any regulatory approval for the issuance of Notes:	NDRC Registration Certificate dated 19 October 2023
51	Ratings:		The Notes to be issued are expected to be rated: S&P: BBB-

HONG KONG SFC CODE OF CONDUCT

52	Rebates	Not Applicable

53	Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	hkdcm@cmbc.com.cn; SYNHK@sc.com; dcm@bankcomm.com.hk; cmd_dcm@cibhk.com.

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US$5,000,000,000 Medium Term Note Programme of China Minsheng Banking Corp., Ltd. Hong Kong Branch.

STABILISATION

In connection with the issue of the Notes, any of the Dealers named as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) in this Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) to do this. Such stabilisation if commenced may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in the Supplemental Offering Circular, there has been no material adverse change in the financial position or prospects of the Issuer since 30 June 2024.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the sale of the Notes for the Bank's loan disbursement.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer

(A branch of China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the People's Republic of China)

By: (S.D.)

Duly authorised