BANK OF CHINA

2024 INTERIM REPORT

Bank of China Limited

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

Ordinary H-Share Stock Code: 3988
Offshore Preference Share Stock Code: 4619

Contents

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

The Bank/the Group	Bank of China Limited or its predecessors and, except where the context otherwise requires, all of the subsidiaries of Bank of China Limited
Articles of Association	The performing *Articles of Association of Bank of China Limited*
A Share	Domestic investment share(s) in the ordinary share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the SSE (Stock Code: 601988)
Basis Point (Bp, Bps)	Measurement unit of changes in interest rate or exchange rate. 1 basis point is equivalent to 0.01 percentage points
BOC Asset Investment	BOC Financial Asset Investment Co., Ltd.
BOC Aviation	BOC Aviation Limited, a public company limited by shares incorporated in Singapore under the Singapore Companies Act, the shares of which are listed on the Hong Kong Stock Exchange
BOC Consumer Finance	BOC Consumer Finance Co., Ltd.
BOC Financial Technology	BOC Financial Technology Co., Ltd.
BOC Fullerton Community Bank	BOC Fullerton Community Bank Co., Ltd.
BOC Insurance	Bank of China Insurance Company Limited
BOC Life	BOC Group Life Assurance Co., Ltd.
BOCG Insurance	Bank of China Group Insurance Company Limited
BOCG Investment	Bank of China Group Investment Limited
BOCHK	Bank of China (Hong Kong) Limited, an authorised financial institution incorporated under the laws of Hong Kong SAR and a wholly-owned subsidiary of BOCHK (Holdings)
BOCHK (Holdings)	BOC Hong Kong (Holdings) Limited, a company incorporated under the laws of Hong Kong SAR, the ordinary shares of which are listed on the Hong Kong Stock Exchange
BOCI	BOC International Holdings Limited
BOCIM	Bank of China Investment Management Co., Ltd.
BOCI China	BOC International (China) Co., Ltd., a company incorporated in the Chinese mainland, the ordinary shares of which are listed on the SSE
BOCL	BOC Financial Leasing Co., Ltd.
BOC-Samsung Life	BOC-Samsung Life Ins. Co., Ltd.
BOC Wealth Management	BOC Wealth Management Co., Ltd.

CAS	Chinese Accounting Standards for Business Enterprises published by the MOF
Central and Southern China	The area including, for the purpose of this report, the branches of Henan, Hubei, Hunan, Guangdong, Shenzhen, Guangxi and Hainan
Company Law	The *Company Law of PRC*
CSRC	China Securities Regulatory Commission
Eastern China	The area including, for the purpose of this report, the branches of Shanghai, Jiangsu, Suzhou, Zhejiang, Ningbo, Anhui, Fujian, Jiangxi, Shandong and Qingdao
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	The *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
H Share	Overseas-listed foreign investment share(s) in the ordinary share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 3988)
IFRS Accounting Standards	International Financial Reporting Standards as issued by the IASB
Independent Director	Independent director under the listing rules of the SSE and the Articles of Association, and independent non-executive director under the Hong Kong Listing Rules
MOF	Ministry of Finance, PRC
NFRA	National Financial Regulatory Administration and its predecessors
Northeastern China	The area including, for the purpose of this report, the branches of Heilongjiang, Jilin, Liaoning and Dalian
Northern China	The area including, for the purpose of this report, the branches of Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia and the Head Office
PBOC	The People's Bank of China
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of PRC
SFO	*Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong SAR)
SSE	The Shanghai Stock Exchange
Western China	The area including, for the purpose of this report, the branches of Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Ningxia, Qinghai, Tibet and Xinjiang

Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management members of the Bank warrant that the information in this report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and jointly and severally accept full legal responsibility for the information in this report.

The 2024 Interim Report and Interim Results Announcement of the Bank have been reviewed and approved at the meeting of the Board of Directors of the Bank held on 29 August 2024. The number of directors who should attend the meeting is 13, with 13 directors attending the meeting in person. 13 directors of the Bank exercised their voting rights at the meeting. The supervisors and senior management members of the Bank attended the meeting as non-voting attendees.

The 2024 interim financial statements prepared by the Bank in accordance with CAS and IFRS Accounting Standards have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in accordance with Chinese and international standards on review engagements, respectively.

Legal Representative and Chairman of the Board of Directors GE Haijiao, who is also responsible for the Bank's finance and accounting, and General Manager of the Financial Management Department DONG Zonglin, warrant the authenticity, accuracy and completeness of the financial statements in this report.

As considered and approved by the 2023 Annual General Meeting, the Bank distributed the 2023 cash dividend of RMB2.364 per ten shares (before tax) to ordinary shareholders whose names appeared on the register of members of the Bank as at market close on 16 July 2024, amounting to approximately RMB69.593 billion (before tax) in total. The Bank did not propose any capitalisation of capital reserve into share capital.

The Board of Directors of the Bank has recommended an interim dividend on ordinary shares for 2024 of RMB1.208 per 10 shares (before tax), subject to the approval of the shareholders' meeting.

During the reporting period, there was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes and no material guarantee business that violated the applicable regulations and procedures.

This report may contain forward-looking statements that involve risks and future plans. These forward-looking statements are based on the Bank's own information and information from other sources that the Bank believes to be reliable. They relate to future events or the Bank's future financial, business or other performance and are subject to a number of factors and uncertainties that may cause the actual results to differ materially. Any future plans mentioned do not constitute a substantive commitment by the Bank to its investors. Investors and people concerned should be fully aware of the risks and understand the differences between plans, forecast and commitment.

The Bank is faced with risks arising from changes in the macroeconomic environment and from political and economic conditions in different countries and regions as well as risks arising from its day-to-day operations, including the risk arising from changes in the credit status of borrowers, adverse changes in market prices and operational risk. It shall at the same time meet regulatory and compliance requirements. The Bank actively adopts adequate measures to effectively manage all types of risks. Please refer to the section "Management Discussion and Analysis – Risk Management" for details.

Corporate Information

Registered Name in Chinese
中國銀行股份有限公司(“中國銀行”)

Registered Name in English
BANK OF CHINA LIMITED (“Bank of China”)

Legal Representative and Chairman
GE Haijiao

Secretary to the Board of Directors and Company Secretary
ZHUO Chengwen
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Telephone: (86) 10-6659 2638
E-mail: ir@bankofchina.com

Listing Affairs Representative
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Office Address:
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Telephone: (86) 10-6659 6688
Facsimile: (86) 10-6601 6871
Website: www.boc.cn
Customer Service and Complaint Hotline:
(86) Area Code-95566

Place of Business in Hong Kong SAR
Bank of China Tower, 1 Garden Road,
Central, Hong Kong, China

Selected Newspapers for Information Disclosure (A Share)
China Securities Journal, Shanghai Securities News, Securities Times, Economic Information Daily

Website of the SSE for Publication of the Interim Report
www.sse.com.cn

Website of the HKEX for Publication of the Interim Report
www.hkexnews.hk

Place Where Interim Report Can Be Obtained
Head Office of Bank of China Limited
Shanghai Stock Exchange

Registered Capital
RMB294,387,791,241

Securities Information

A Share
Shanghai Stock Exchange
Stock Name: 中國銀行
Stock Code: 601988

H Share
The Stock Exchange of Hong Kong Limited
Stock Name: Bank of China
Stock Code: 3988

Domestic Preference Share
Shanghai Stock Exchange
Third Tranche
Stock Name: 中行優3
Stock Code: 360033

Fourth Tranche
Stock Name: 中行優4
Stock Code: 360035

Offshore Preference Share Second Tranche
The Stock Exchange of Hong Kong Limited
Stock Name: BOC 20USDPREF
Stock Code: 4619

A-Share Registrar
Shanghai Branch of China Securities
Depository and Clearing Corporation Limited
Office Address:
188 South Yanggao Road,
Pudong New Area, Shanghai, China
Telephone: (86) 21-4008 058 058

H-Share Registrar
Computershare Hong Kong Investor Services Limited
Office Address:
17M Floor, Hopewell Centre,
183 Queen’s Road East, Wan Chai, Hong Kong, China
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990

Domestic Preference Share Registrar
Shanghai Branch of China Securities
Depository and Clearing Corporation Limited
Office Address:
188 South Yanggao Road,
Pudong New Area, Shanghai, China
Telephone: (86) 21-4008 058 058

Financial Highlights

Note: The financial information in this report has been prepared in accordance with IFRS Accounting Standards. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted.

Unit: RMB million

	Note	For the six-month period ended 30 June 2024	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Results of operations	1			
Net interest income		**226,760**	233,992	223,380
Non-interest income	2	**91,169**	85,715	70,142
Operating income		**317,929**	319,707	293,522
Operating expenses		**(108,290)**	(104,300)	(89,777)
Impairment losses on assets	3	**(60,579)**	(60,581)	(52,725)
Operating profit		**149,060**	154,826	151,020
Profit before income tax		**149,203**	154,919	151,200
Profit for the period		**126,536**	127,688	123,555
Profit attributable to equity holders of the Bank		**118,601**	120,095	119,165
Net cash flows from operating activities		**(66,446)**	635,282	(135,438)
Basic earnings per share (RMB)		**0.36**	0.37	0.37
Key financial ratios				
Return on average total assets (%)	4	**0.76**	0.85	0.90
Return on average equity (%)	5	**9.58**	10.60	11.56
Net interest margin (%)	6	**1.44**	1.67	1.76
Non-interest income to operating income (%)	7	**28.68**	26.81	23.90
Cost to income ratio (calculated under regulations in the Chinese mainland, %)	8	**25.54**	25.77	26.34
Credit cost (%)	9	**0.71**	0.68	0.56
		As at 30 June 2024	As at 31 December 2023	As at 31 December 2022
Statement of financial position				
Total assets		**33,907,267**	32,432,166	28,893,548
Loans, gross		**21,142,830**	19,961,779	17,552,761
Allowance for loan impairment losses	10	**(526,957)**	(485,298)	(437,241)
Investments	11	**7,406,906**	7,158,717	6,435,244
Total liabilities		**31,128,291**	29,675,351	26,330,247
Due to customers		**23,630,706**	22,907,050	20,201,825
Capital and reserves attributable to equity holders of the Bank		**2,648,821**	2,629,510	2,423,973
Share capital		**294,388**	294,388	294,388
Net assets per share (RMB)	12	**7.78**	7.58	6.98
Capital ratios	13			
Net common equity tier 1 capital		**2,229,811**	2,161,825	1,991,342
Net additional tier 1 capital		**368,547**	408,447	381,648
Net tier 2 capital		**907,029**	727,136	573,481
Common equity tier 1 capital adequacy ratio (%)		**12.03**	11.63	11.84
Tier 1 capital adequacy ratio (%)		**14.02**	13.83	14.11
Capital adequacy ratio (%)		**18.91**	17.74	17.52
Total risk-weighted assets		**18,539,055**	18,591,278	16,818,275
Asset quality				
Credit-impaired loans to total loans (%)	14	**1.24**	1.27	1.32
Non-performing loans to total loans (%)	15	**1.24**	1.27	1.32
Allowance for loan impairment losses to non-performing loans (%)	16	**201.69**	191.66	188.73
Allowance for loan impairment losses to total loans (%)	17	**2.50**	2.44	2.50

Notes:

1 The Group has adopted International Financial Reporting Standard No.17 Insurance Contracts ("IFRS 17") as issued by the International Accounting Standards Board ("IASB") with the initial application date 1 January 2023, which resulted in the restatement of the comparative figures for the previous period starting from 1 January 2022 in accordance with the transitional provisions of IFRS 17.

2 Non-interest income = net fee and commission income + net trading gains/(losses) + net gains/(losses) on transfers of financial assets + other operating income.

3 Impairment losses on assets = Credit impairment losses + Impairment losses on other assets.

4 Return on average total assets = profit for the period ÷ average total assets × 100%, annualised. Average total assets = (total assets at the beginning of reporting period + total assets at the end of reporting period) ÷ 2.

5 Return on average equity = profit attributable to ordinary shareholders of the Bank ÷ weighted average capital and reserves attributable to ordinary shareholders of the Bank × 100%, annualised. Calculation is based on *No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies – Calculation and Disclosure of Return on Average Equity and Earnings per Share (Revised in 2010)* (CSRC Announcement [2010] No. 2) issued by the CSRC.

6 Net interest margin = net interest income ÷ average balance of interest-earning assets × 100%, annualised. Average balance is average daily balance derived from the Group's management accounts (unreviewed).

7 Non-interest income to operating income = non-interest income ÷ operating income × 100%.

8 Cost to income ratio is calculated in accordance with the *Measures of the Performance Evaluation of Financial Enterprises* (Cai Jin [2016] No. 35) formulated by the MOF.

9 Credit cost = impairment losses on loans ÷ average balance of loans × 100%, annualised. Average balance of loans = (balance of loans at the beginning of reporting period + balance of loans at the end of reporting period) ÷ 2. Total loans are exclusive of accrued interest when being used to calculate credit cost.

10 Allowance for loan impairment losses = allowance for loans at amortised cost + allowance for loans at fair value through other comprehensive income.

11 The investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost.

12 Net assets per share = (capital and reserves attributable to equity holders of the Bank at the end of reporting period – other equity instruments) ÷ number of ordinary shares in issue at the end of reporting period.

13 The capital ratios for 2024 are calculated in accordance with the *Capital Rules for Commercial Banks* and related regulations. The capital ratios for 2022 and 2023 are calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* and related regulations.

14 Credit-impaired loans to total loans = credit-impaired loans at the end of reporting period ÷ total loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when being used to calculate credit-impaired loans to total loans.

15 Non-performing loans to total loans = non-performing loans at the end of reporting period ÷ total loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when being used to calculate non-performing loans to total loans.

16 Allowance for loan impairment losses to non-performing loans = allowance for loan impairment losses at the end of reporting period ÷ non-performing loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when being used to calculate allowance for loan impairment losses to non-performing loans.

17 Allowance for loan impairment losses to total loans = allowance for loan impairment losses at the end of reporting period ÷ total loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when being used to calculate allowance for loan impairment losses to total loans.

Business Overview

In the first half of 2024, the external environment became increasingly complex, challenging and uncertain. The Bank diligently implemented the strategies and plans of the CPC Central Committee and the State Council. It established and adhered to sound principles of operation, performance and risk management, actively confronted new challenges and seized new opportunities, overall enhancing the quality of its growth and achieving steady progress across various tasks.

Recording steady growth in business scale while maintaining stable financial performance

Upholding the general principle of seeking progress while maintaining stability, the Bank achieved steady and balanced growth in assets and liabilities, delivered solid operating results, and kept key indicators within a reasonable range. As at 30 June 2024, the Group's total assets stood at RMB33,907.267 billion, up 4.55% compared with the prior year-end. Total liabilities amounted to RMB31,128.291 billion, up 4.90% compared with the prior year-end. In the first half of 2024, the Group recorded an operating income of RMB317.929 billion and a net profit after tax of RMB126.536 billion. Return on average total assets (ROA) was 0.76% and return on average equity (ROE) was 9.58%. Net interest margin was 1.44% and the cost to income ratio (calculated in accordance with regulatory standards in the Chinese mainland) was 25.54%.

Focusing on the "five major tasks" to empower new quality productive forces

The Bank continued to prioritise technology finance. It provided RMB1.71 trillion of credit support to 83,500 technological enterprises, alongside other comprehensive financial services amounting to over RMB650.0 billion in value. Maintaining leadership in green finance, the Bank's domestic green credit balance (based on the statistical standards by NFRA) increased by 39.77% year-on-year and it retained top market position among domestic peers in green bond underwriting scale. Inclusive finance experienced rapid development, with loan balance surpassing RMB2 trillion and the number of loan customers exceeding 1.30 million. The Bank outpaced its peers in both the number and coverage of credit customers that are national and provincial-level specialised and sophisticated SMEs. Pension finance steadily improved, with the coverage rate of key fiscal and social security accounts rising by 0.29 percentage points. The Bank secured the top market ranking in the number of enterprise annuity individual accounts and expanded its market share in personal pension accounts. Digital finance advanced rapidly, with the Bank's "OASIS Project" rolling out several public service-related capability components including centralised transaction processing and remote approval. The number of monthly active customers in mobile banking grew by 9.98% year-on-year, while digital currency transaction volume ranked among the market leaders.

Fully supporting high-quality development of the real economy and improving the quality and efficiency of the supply of financial services

The Bank provided high-quality services aligned with the national strategy of coordinated regional development. As at 30 June 2024, the proportion of RMB loans of the Bank's institutions in the Yangtze River Delta and central region within the Bank's total loans increased compared with the prior year-end. The Bank intensified its efforts in serving rural revitalisation, recording a balance of RMB2.28 trillion in agriculture-related loans (based on the statistical standards by PBOC). The balance of loans to key counties receiving national assistance for rural revitalisation reached RMB36.832 billion. It vigorously supported fixed asset investment, increasing medium- and long-term loans to the manufacturing industry by RMB149.8 billion. Loans to water conservancy industries increased by 11% compared with the prior year-end. The Bank made significant contributions to expanding domestic demand and promoting consumption, expanding its market share in consumer loans and credit card receivables. Demonstrating unwavering support for the development of the private economy, the Bank's loans to private enterprises increased by RMB348.4 billion compared with the prior year-end, representing a growth rate of 9.35%.

Proactively integrating into the new development pattern and strengthening its advantages of globalisation and characteristics of comprehensive operation

The Bank solidified its leading position as a globalised bank, with a steady growth in contribution of operating income from its overseas commercial banking business. The Bank expanded its dominance in cross-border RMB business, with 5 new direct participants and 48 new indirect participants to the Cross-Border Interbank Payment System (CIPS), maintaining the top ranking in the market. The Bank also maintained its global leadership in cross-border RMB clearing volume. The Bank actively served the national "Going Global" and "Bringing In" strategies, and provided financing support exceeding USD341.0 billion in the Belt and Road countries. It remained its top ranking among domestic peers in Panda bond underwriting, Chinese offshore bond underwriting, and cross-border custody. The Bank improved the quality and efficiency of comprehensive operations, with several subsidiaries achieving more competitive core operating indicators.

Balancing development and security, effectively preventing and mitigating financial risks

The Bank further strengthened its comprehensive risk management system, improved its overseas risk management capabilities and implemented "market-by-market" risk strategies. It effectively navigated financial market fluctuations, proactively conducted special stress testing in key areas, and kept liquidity risk and market risk generally under control. The Bank comprehensively tightened credit risk management, steadily advanced the efforts to defuse risks, and made steady progress in risk resolution. As at 30 June 2024, the Group's coverage ratio of allowance for loan impairment losses to NPLs was 201.69%. It continued to optimise capital management, with the Group's capital adequacy ratio recording 18.91%, and strengthen internal control and anti-money laundering compliance management, continuously improving the long-term mechanism for overseas compliance management.

Management Discussion and Analysis

Financial Review

Economic and Financial Environment

In the first half of 2024, the global economy demonstrated a certain degree of resilience and achieved better than expected growth. Global market activity increased, international trade stabilised and global inflation remained on an overall downward trend. At the same time, global growth dynamics remained in a period of flux, amid a more complicated geopolitical landscape, and new uncertainties arose. The US economy expanded steadily, albeit at a slower pace. The Eurozone registered a tepid recovery, the Japanese economy experienced short-term fluctuations, while Asian's export-based economies demonstrated marked recovery momentum.

Monetary policy divergence among major developed economies increased. The US Federal Reserve is expected to delay from making rate cuts, while the European Central Bank took the lead in cutting rates and Japan ended its policy of negative interest rates. Global liquidity was generally stable, and government bond yields in major economies staged a fluctuating upturn. Global foreign exchange markets experienced increased volatility, with cross-border capital flowing back into emerging markets. Global equity markets made a bumpy recovery, while commodity prices increased.

China's economy maintained its stable development trend, characterised by steady output growth, recovery in demand, overall stability in employment and prices, rising household income, and accelerated formation of new growth drivers. In the first half of the year, China's gross domestic product (GDP) increased by 5.0% year-on-year, retail sales of consumer goods grew by 3.7% year-on-year, value-added of industrial enterprises above a designated size increased by 6.0% year-on-year, total fixed asset investments (TFAI) (excluding those by rural households) climbed by 3.9% year-on-year, and trade in goods increased by 6.1% year-on-year, with a trade surplus of RMB3,090.9 billion. The consumer price index (CPI) rose by 0.1%.

China pursued a sound monetary policy, which was flexible, moderate, precise and effective, so as to create a monetary and financial environment conducive to economic and social improvement. Domestic financial markets operated smoothly, social financing costs remained stable with a downward trend, liquidity remained adequate at a reasonable level, and RMB exchange rates remained basically stable at an adaptive and equilibrium level. As at 30 June 2024, the outstanding broad money supply (M2) was RMB305.0 trillion, up 6.2% year-on-year. Outstanding RMB loans stood at RMB250.9 trillion, up 8.8% year-on-year. Aggregate financing to the real economy (AFRE) reached RMB395.1 trillion, increasing by 8.1% year-on-year. The Shanghai Stock Exchange Composite Index stood at 2,967.4, down 0.3% from the prior year-end. The central parity rate of the RMB against USD was 7.1268, a depreciation of 0.6% compared with the prior year-end.

China's banking sector actively supported high-quality economic development and concentrated on the "five major tasks" to sustain and promote economic recovery. It vigorously supported the development of new quality productive forces, increased financial support for strategic emerging industries, and improved service quality and efficiency to promote greater self-reliance and strength in high-level science and technology. In addition, it advanced financial services for key areas and weak links, increased loans to the manufacturing sector, micro and small-sized enterprises, private enterprises and the green sector, strengthened banks' protection of consumer rights and interests, and comprehensively improved the efficiency and quality of financial services for the real economy. The banking sector adhered to the bottom line of preventing systemic financial risks and maintained a strong capacity to resist risks, with major risk regulatory indicators remaining within a reasonable range. As at 30 June 2024, the total assets of China's banking sector was RMB433.10 trillion, while total liabilities was RMB397.66 trillion. In the first half of 2024, commercial banking institutions recorded a net profit for the period of RMB1.26 trillion. As at 30 June 2024, outstanding NPLs stood at RMB3.34 trillion, the NPL ratio was 1.56%, the coverage ratio of allowance for loan impairment losses to NPLs was 209.32%, and the capital adequacy ratio was 15.53%.

Income Statement Analysis

The Bank adhered to the principle of seeking progress while maintaining stability, resulting in stable business performance. In the first half of 2024, the Group achieved a profit for the period of RMB126.536 billion, a decrease of 0.90% compared with the same period of the prior year. It realised a profit attributable to equity holders of the Bank of RMB118.601 billion, a decrease of 1.24% compared with the same period of the prior year. Return on average total assets (ROA) was 0.76% and return on average equity (ROE) was 9.58%.

The principal components and changes of the Group's consolidated income statement are set forth below:

Unit: RMB million, except percentages

Items	**For the six-month period ended 30 June 2024**	For the six-month period ended 30 June 2023	Change	Change (%)
Net interest income	**226,760**	233,992	(7,232)	(3.09%)
Non-interest income	**91,169**	85,715	5,454	6.36%
Including: net fee and commission income	**42,860**	46,376	(3,516)	(7.58%)
Operating income	**317,929**	319,707	(1,778)	(0.56%)
Operating expenses	**(108,290)**	(104,300)	(3,990)	3.83%
Impairment losses on assets	**(60,579)**	(60,581)	2	(0.00%)
Operating profit	**149,060**	154,826	(5,766)	(3.72%)
Profit before income tax	**149,203**	154,919	(5,716)	(3.69%)
Income tax expense	**(22,667)**	(27,231)	4,564	(16.76%)
Profit for the period	**126,536**	127,688	(1,152)	(0.90%)
Profit attributable to equity holders of the Bank	**118,601**	120,095	(1,494)	(1.24%)

Net Interest Income and Net Interest Margin

In the first half of 2024, the Group recorded net interest income of RMB226.760 billion, a decrease of RMB7.232 billion or 3.09% compared with the same period of the prior year. Specifically, interest income grew by RMB35.993 billion or 7.10% to RMB542.994 billion, while interest expense stood at RMB316.234 billion, an increase of RMB43.225 billion or 15.83% compared with the same period of the prior year.

Interest Income

In the first half of 2024, interest income on loans was RMB379.016 billion, an increase of RMB11.096 billion or 3.02% compared with the same period of the prior year, which was primarily attributable to increases in loan scale.

Interest income on investments amounted to RMB106.052 billion, an increase of RMB14.911 billion or 16.36% compared with the same period of the prior year, mainly due to increases in investment scale.

Interest income on balances with central banks and due from and placements with banks and other financial institutions was RMB57.926 billion, an increase of RMB9.986 billion or 20.83% compared with the same period of the prior year, mainly due to increases in both the scale and interest rates of balances with central banks and due from and placements with banks and other financial institutions.

Interest Expense

In the first half of 2024, interest expense on due to customers was RMB236.382 billion, an increase of RMB23.844 billion or 11.22% compared with the same period of the prior year, which was primarily attributable to increases in due to customers scale.

Interest expense on due to and placements from banks and other financial institutions was RMB51.359 billion, an increase of RMB12.722 billion or 32.93% compared with the same period of the prior year, mainly due to increases in both the scale and interest rates of due to and placements from banks and other financial institutions.

Interest expense on bonds issued was RMB28.493 billion, an increase of RMB6.659 billion or 30.50% compared with the same period of the prior year, which was mainly due to increases in bond issued scale.

Net Interest Margin

In the first half of 2024, the Group's net interest margin was 1.44%, a decrease of 23 basis points compared with the same period of the prior year. The average interest rate of the Group's interest-earning assets decreased by 17 basis points. This was mainly due to reduction in RMB asset yields, driven in part by a decline in the RMB Loan Prime Rate (LPR) and the adjustments to mortgage loan rates. The decrease in RMB asset yields was partially offset by an increase in the interest rates of the Group's foreign currency assets. The average interest rate of the Group's interest-bearing liabilities increased by 6 basis points, primarily due to rising foreign currency interest rates pushing up the interest rates of foreign currency liabilities. The Bank continued to strengthen control over funding costs, realising a steady decrease in the average interest rate of domestic RMB liabilities. In addition, the average balance of RMB medium and long-term loans in Chinese mainland accounted for 74.60% of the Bank's total RMB loans in the Chinese mainland.

The average balances[1] and average interest rates of the major interest-earning assets and interest-bearing liabilities of the Group, as well as the impact on interest income/expense of variances in the volume factor and the interest rate factor[2], are summarised in the following table:

Unit: RMB million, except percentages

Items	For the six-month period ended 30 June 2024			For the six-month period ended 30 June 2023			Analysis of changes in interest income/expense		
	Average balance	**Interest income/ expense**	**Average interest rate**	Average balance	Interest income/ expense	Average interest rate	Volume factor	Interest rate factor	Total
Interest-earning assets									
Loans	**20,587,933**	**379,016**	**3.70%**	18,302,776	367,920	4.05%	46,022	(34,926)	11,096
Investments	**6,565,909**	**106,052**	**3.25%**	5,918,385	91,141	3.11%	10,014	4,897	14,911
Balances with central banks and due from and placements with banks and other financial institutions	**4,598,692**	**57,926**	**2.53%**	4,100,461	47,940	2.36%	5,847	4,139	9,986
Total	**31,752,534**	**542,994**	**3.44%**	28,321,622	507,001	3.61%	61,883	(25,890)	35,993
Interest-bearing liabilities									
Due to customers	**23,037,568**	**236,382**	**2.06%**	20,959,921	212,538	2.04%	21,076	2,768	23,844
Due to and placements from banks and other financial institutions	**4,068,146**	**51,359**	**2.54%**	3,464,056	38,637	2.25%	6,759	5,963	12,722
Bonds issued	**1,915,463**	**28,493**	**2.99%**	1,435,650	21,834	3.07%	7,325	(666)	6,659
Total	**29,021,177**	**316,234**	**2.19%**	25,859,627	273,009	2.13%	35,160	8,065	43,225
Net interest income		**226,760**			233,992		26,723	(33,955)	(7,232)
Net interest margin			**1.44%**			1.67%			(23) Bps

Notes:

1 Investments include debt securities at fair value through other comprehensive income, debt securities at amortised cost, investment trusts and asset management plans, etc.

2 Balances with central banks and due from and placements with banks and other financial institutions include mandatory reserves, surplus reserves, other placements with central banks and due from and placements with banks and other financial institutions.

3 Due to and placements from banks and other financial institutions include due to and placements from banks and other financial institutions, due to central banks and other funds.

1 Average balances are average daily balances derived from the Group's management accounts (unreviewed).

2 The impact on interest income/expense of variances in the volume factor is calculated based on the changes in average balances of interest-earning assets and interest-bearing liabilities during the reporting period. The impact on interest income/expense of variances in the interest rate factor is calculated based on the changes in the average interest rates of interest-earning assets and interest-bearing liabilities during the reporting period. The impact relating to the combined changes in both the volume factor and the interest rate factor has been classified as a change in the interest rate factor.

The average balances and average interest rates of loans and due to customers in the Chinese mainland, classified by business type, are summarised in the following table:

Items	For the six-month period ended 30 June 2024		For the six-month period ended 30 June 2023		Change	
	Average balance	Average Interest rate	Average balance	Average Interest rate	Average balance	Average interest rate
RMB businesses in the Chinese mainland						Unit: RMB million, except percentages
Loans						
Corporate loans	**10,771,521**	**3.23%**	8,731,317	3.59%	2,040,204	(36) Bps
Personal loans	**5,858,437**	**3.94%**	5,679,861	4.62%	178,576	(68) Bps
Trade bills	**525,125**	**1.25%**	509,917	1.54%	15,208	(29) Bps
Total	**17,155,083**	**3.41%**	14,921,095	3.91%	2,233,988	(50) Bps
Including:						
Medium and long-term loans	**12,797,413**	**3.59%**	11,167,136	4.25%	1,630,277	(66) Bps
Short-term loans within 1 year and others	**4,357,670**	**2.88%**	3,753,959	2.90%	603,711	(2) Bps
Due to customers						
Corporate demand deposits	**4,276,623**	**0.88%**	4,342,860	1.03%	(66,237)	(15) Bps
Corporate time deposits	**4,278,806**	**2.51%**	3,226,817	2.64%	1,051,989	(13) Bps
Personal demand deposits	**2,987,339**	**0.21%**	2,800,185	0.24%	187,154	(3) Bps
Personal time deposits	**5,820,343**	**2.48%**	5,079,196	2.74%	741,147	(26) Bps
Other	**743,740**	**2.49%**	776,966	2.98%	(33,226)	(49) Bps
Total	**18,106,851**	**1.73%**	16,226,024	1.84%	1,880,827	(11) Bps
Foreign currency businesses in the Chinese mainland						Unit: USD million, except percentages
Loans	**52,267**	**4.80%**	47,624	4.05%	4,643	75 Bps
Due to customers						
Corporate demand deposits	**51,432**	**2.35%**	57,329	1.66%	(5,897)	69 Bps
Corporate time deposits	**37,217**	**3.62%**	45,569	4.25%	(8,352)	(63) Bps
Personal demand deposits	**21,452**	**0.02%**	24,272	0.02%	(2,820)	–
Personal time deposits	**20,035**	**2.01%**	17,540	1.33%	2,495	68 Bps
Other	**1,443**	**1.81%**	2,201	1.92%	(758)	(11) Bps
Total	**131,579**	**2.27%**	146,911	2.16%	(15,332)	11 Bps

Note: "Due to customers – Other" includes structured deposits.

Non-interest Income

In the first half of 2024, the Group reported non-interest income of RMB91.169 billion, an increase of RMB5.454 billion or 6.36% compared with the same period of the prior year. Non-interest income represented 28.68% of operating income, an increase of 1.87 percentage points compared with the same period of the prior year.

Net Fee and Commission Income

The Group achieved net fee and commission income of RMB42.860 billion, a decrease of RMB3.516 billion or 7.58% compared with the same period of the prior year, representing 13.48% of operating income. Affected by market environment, the Bank's income from agency, custody and credit commitment decreased. Please refer to Note III.2 to the Condensed Consolidated Interim Financial Statements.

Other Non-interest Income

The Group realised other non-interest income of RMB48.309 billion, an increase of RMB8.970 billion or 22.80% compared with the same period of the prior year. This was primarily attributable to rapid growth in both the net gains on the transfer of financial assets and sales revenue of precious metals through seizing market opportunities. Please refer to Notes III.3, 4, 5 to the Condensed Consolidated Interim Financial Statements.

Operating Expenses

In the first half of 2024, the Group's operating expenses amounted to RMB108.290 billion, an increase of RMB3.990 billion or 3.83% compared with the same period of the prior year. Of which, it recorded operating and administrative expenses (including staff costs, general operating and administrative expenses, depreciation and amortisation) of RMB80.971 billion, a decrease of RMB1.277 billion or 1.55% compared with the same period of the prior year. The Group's cost to income ratio (calculated in accordance with regulations in the Chinese mainland) was 25.54%, a decrease of 0.23 percentage points compared with the same period of the prior year, remaining at a relatively low level. Thoroughly implementing the philosophy of practising conservation and opposing waste, the Bank refined financial management, tightened control over total expenses, optimised the expenditure structure, and made solid efforts to reduce cost and increase efficiency. Please refer to Notes III.6, 7 to the Condensed Consolidated Interim Financial Statements.

Impairment Losses on Assets

In the first half of 2024, the Group's impairment losses on assets totalled RMB60.579 billion, remaining steady compared with the same period of the prior year. Specifically, impairment losses on loans and advances amounted to RMB72.684 billion, an increase of RMB10.687 billion or 17.24% compared with the same period of the prior year. The Bank kept the quality of credit assets basically stable, while strictly observing the prudent and robust provisioning policy to be adequately resilient against risks. Please refer to the section "Risk Management – Credit Risk Management" and Notes III.8, 16 and Note IV.1 to the Condensed Consolidated Interim Financial Statements for more information on loan quality and the allowance for loan impairment losses.

Financial Position Analysis

The Bank adhered to high-quality development, remained committed to the nation's new development philosophy, dynamically adjusted its business strategies and continually improved its business structure, thus achieving steady growth in assets and liabilities. As at 30 June 2024, the Group's total assets amounted to RMB33,907.267 billion, an increase of RMB1,475.101 billion or 4.55% compared with the prior year-end. The Group's total liabilities amounted to RMB31,128.291 billion, an increase of RMB1,452.940 billion or 4.90% compared with the prior year-end.

The principal components of the Group's consolidated statement of financial position are set out below:

Unit: RMB million, except percentages

	As at 30 June 2024		As at 31 December 2023	
Items	Amount	% of total	Amount	% of total
Assets				
Loans and advances to customers, net	**20,616,140**	**60.80%**	19,476,871	60.05%
Investments	**7,406,906**	**21.84%**	7,158,717	22.07%
Balances with central banks	**2,473,536**	**7.30%**	2,941,140	9.07%
Due from and placements with banks and other financial institutions	**2,230,786**	**6.58%**	1,735,172	5.35%
Other assets	**1,179,899**	**3.48%**	1,120,266	3.46%
Total assets	**33,907,267**	**100.00%**	32,432,166	100.00%
Liabilities				
Due to customers	**23,630,706**	**75.91%**	22,907,050	77.19%
Due to and placements from banks and other financial institutions and due to central banks	**4,336,130**	**13.93%**	3,955,659	13.33%
Other borrowed funds	**2,103,519**	**6.76%**	1,838,622	6.20%
Other liabilities	**1,057,936**	**3.40%**	974,020	3.28%
Total liabilities	**31,128,291**	**100.00%**	29,675,351	100.00%

Note: "Other borrowed funds" includes bonds issued and other borrowings.

Loans and Advances to Customers

The Bank earnestly fulfilled its responsibilities as a large state-owned bank by focusing on the "five major tasks" and increasing its support for key national strategies, key areas and weak links in the real economy, and its lending scale achieved stable growth. As at 30 June 2024, the Group's loans and advances to customers amounted to RMB21,142.830 billion, an increase of RMB1,181.051 billion or 5.92% compared with the prior year-end.

The Bank paid close attention to changes in the macroeconomic situation, continuously optimised its credit structure, strengthened risk identification and management in key areas and made greater efforts in the disposal of non-performing assets, thus maintaining generally stable asset quality. As at 30 June 2024, the balance of the Group's allowance for loan impairment losses amounted to RMB526.957 billion, an increase of RMB41.659 billion compared with the prior year-end. The balance of the Group's restructured NPLs amounted to RMB80.043 billion, and its proportion in gross loans excluding accrued interest was 0.38%, an increase of RMB21.075 billion and 0.08 percentage points respectively, compared with the prior year-end.

Loans and Advances to Customers by Geography

Unit: RMB million, except percentages

	As at 30 June 2024		As at 31 December 2023		As at 31 December 2022	
Items	**Amount**	**% of total**	Amount	% of total	Amount	% of total
Corporate loans						
Chinese mainland: RMB	**11,717,930**	**55.42%**	10,655,067	53.38%	8,523,463	48.56%
Foreign currency	**327,974**	**1.55%**	353,163	1.77%	295,121	1.68%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**2,282,523**	**10.80%**	2,289,792	11.47%	2,280,239	12.99%
Subtotal	**14,328,427**	**67.77%**	13,298,022	66.62%	11,098,823	63.23%
Personal loans						
Chinese mainland: RMB	**5,971,112**	**28.24%**	5,827,122	29.19%	5,681,110	32.36%
Foreign currency	**1,566**	**0.01%**	1,532	0.01%	1,089	0.01%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**787,873**	**3.73%**	781,311	3.91%	724,771	4.13%
Subtotal	**6,760,551**	**31.98%**	6,609,965	33.11%	6,406,970	36.50%
Accrued interest	**53,852**	**0.25%**	53,792	0.27%	46,968	0.27%
Total loans	**21,142,830**	**100.00%**	19,961,779	100.00%	17,552,761	100.00%

Investments

The Bank closely tracked global financial market trends in order to capture opportunities from market timing and dynamically adjust its portfolio. As at 30 June 2024, the Group held investments of RMB7,406.906 billion, an increase of RMB248.189 billion or 3.47% compared with the prior year-end. Specifically, the Group's RMB investments totalled RMB5,635.674 billion, an increase of RMB193.897 billion or 3.56% compared with the prior year-end while foreign currency investments totalled USD248.531 billion, an increase of USD6.118 billion or 2.52% compared with the prior year-end.

The classification of the Group's investment portfolio is shown below:

Unit: RMB million, except percentages

	As at 30 June 2024		As at 31 December 2023	
Items	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	**585,400**	**7.91%**	550,421	7.69%
Financial assets at fair value through other comprehensive income	**3,566,038**	**48.14%**	3,248,113	45.37%
Financial assets at amortised cost	**3,255,468**	**43.95%**	3,360,183	46.94%
Total	**7,406,906**	**100.00%**	7,158,717	100.00%

Investments by Currency

Unit: RMB million, except percentages

	As at 30 June 2024		As at 31 December 2023	
Items	Amount	% of total	Amount	% of total
RMB	**5,635,674**	**76.09%**	5,441,777	76.02%
USD	**1,069,384**	**14.44%**	1,023,152	14.29%
HKD	**358,797**	**4.84%**	372,320	5.20%
Other	**343,051**	**4.63%**	321,468	4.49%
Total	**7,406,906**	**100.00%**	7,158,717	100.00%

Top Ten Financial Bonds by Value Held by the Group

Unit: RMB million, except percentages

Bond Name	Par Value	Annual Rate	Maturity Date	Impairment Allowance
Bond issued by policy banks in 2019	23,827	3.48%	2029-01-08	–
Bond issued by policy banks in 2019	22,339	3.65%	2029-05-21	–
Bond issued by policy banks in 2019	16,531	3.74%	2029-07-12	–
Bond issued by policy banks in 2023	15,978	2.87%	2028-02-06	–
Bond issued by policy banks in 2022	15,740	2.82%	2027-06-17	–
Bond issued by policy banks in 2018	15,257	4.88%	2028-02-09	–
Bond issued by policy banks in 2019	13,841	3.86%	2029-05-20	–
Bond issued by policy banks in 2019	13,435	3.75%	2029-01-25	–
Bond issued by policy banks in 2022	13,316	2.50%	2027-08-24	–
Bond issued by policy banks in 2018	12,710	4.98%	2025-01-12	–

Note: Financial bonds refer to debt securities issued by financial institutions in the bond market, including bonds issued by policy banks, other banks and non-bank financial institutions, but excluding restructured bonds and PBOC bills.

Due to Customers

The Bank accelerated product and service innovation, continued to improve the quality and efficiency of financial services, and drove the high-quality development of the deposit business. It steadily expanded its deposit sources, and actively promoted key services such as payroll agency, social security cards, personal pensions, cash management and quick payment service. It also enhanced the quality of its deposit business by proactively optimising product structure, resulting in a steady decrease in the funding cost of RMB deposits. As at 30 June 2024, the Group's due to customers amounted to RMB23,630.706 billion, an increase of RMB723.656 billion or 3.16% compared with the prior year-end.

Due to Customers by Geography

Unit: RMB million, except percentages

Items	As at 30 June 2024		As at 31 December 2023		As at 31 December 2022	
	Amount	**% of total**	Amount	% of total	Amount	% of total
Corporate deposits						
Chinese mainland: RMB	**8,802,443**	**37.25%**	8,734,967	38.13%	7,532,878	37.29%
Foreign currency	**557,220**	**2.36%**	662,103	2.89%	628,443	3.11%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**2,282,152**	**9.66%**	2,133,252	9.31%	1,999,666	9.90%
Subtotal	**11,641,815**	**49.27%**	11,530,322	50.33%	10,160,987	50.30%
Personal deposits						
Chinese mainland: RMB	**9,507,830**	**40.24%**	8,926,078	38.97%	7,752,565	38.38%
Foreign currency	**303,299**	**1.28%**	302,198	1.32%	305,619	1.51%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**1,485,932**	**6.29%**	1,452,195	6.34%	1,338,512	6.62%
Subtotal	**11,297,061**	**47.81%**	10,680,471	46.63%	9,396,696	46.51%
Certificates of deposit	**300,749**	**1.27%**	310,212	1.35%	290,082	1.44%
Others	**391,081**	**1.65%**	386,045	1.69%	354,060	1.75%
Total deposits	**23,630,706**	**100.00%**	22,907,050	100.00%	20,201,825	100.00%

Note: "Others" includes accrued interest.

Equity

As at 30 June 2024, the Group's total equity stood at RMB2,778.976 billion, an increase of RMB22.161 billion or 0.80% compared with the prior year-end. This was primarily attributable to the following factors: (1) In the first half of 2024, the Group realised a profit for the period of RMB126.536 billion, of which profit attributable to equity holders of the Bank amounted to RMB118.601 billion. (2) As per the 2023 dividend distribution plan approved at the Annual General Meeting, a cash dividend of RMB69.593 billion was paid out on ordinary shares. (3) The Bank strengthened the management of existing capital instruments and redeemed RMB40.0 billion of undated capital bonds. (4) The Bank paid a dividend on its preference shares of RMB5.181 billion and interest on undated capital bonds of RMB8.006 billion. Please refer to the "Condensed Consolidated Interim Statement of Changes in Equity" in the Condensed Consolidated Interim Financial Statements.

Cash Flow Analysis

As at 30 June 2024, the balance of the Group's cash and cash equivalents was RMB2,460.830 billion, a decrease of RMB55.895 billion compared with the prior year-end.

In the first half of 2024, net cash flow from operating activities was an outflow of RMB66.446 billion, as compared to an inflow of RMB635.282 billion in the same period of the prior year. This was mainly attributable to a decrease in due to customers.

Net cash flow from investing activities was an outflow of RMB159.087 billion, a net decrease of RMB99.689 billion compared with the same period of the prior year. This was mainly attributable to an increase in proceeds from the disposal and maturing of financial investments.

Net cash flow from financing activities was an inflow of RMB177.112 billion, as compared to an outflow of RMB254.636 billion in the same period of the prior year. This was mainly due to an increase in proceeds from the issuance of bonds, and a decrease in cash paid for debt repayment.

Segment Information

The Group manages its operations on both geographic and business segment lines. From a geographic perspective, the Group operates in three principal regions, including the Chinese mainland; Hong Kong (China), Macao (China) and Taiwan (China); and other countries and regions. From a business perspective, the Group provides financial services through six main business segments: corporate banking, personal banking, treasury operations, investment banking, insurance and other operations.

Operating income for the main geographical segments of the Group is set forth in the following table:

Unit: RMB million, except percentages

Items	**For the six-month period ended 30 June 2024**		For the six-month period ended 30 June 2023	
	Amount	**% of total**	Amount	% of total
Chinese mainland	**250,833**	**78.53%**	258,293	80.27%
Hong Kong (China), Macao (China) and Taiwan (China)	**53,701**	**16.81%**	49,100	15.26%
Other countries and regions	**14,896**	**4.66%**	14,391	4.47%
Elimination	**(1,501)**	**–**	(2,077)	–
Group	**317,929**	**100.00%**	319,707	100.00%

Note: Percentages of operating income for each geographic segment are calculated based on the amount before elimination.

Operating income for the main business segments of the Group is set forth in the following table:

Unit: RMB million, except percentages

Items	For the six-month period ended 30 June 2024 Amount	% of total	For the six-month period ended 30 June 2023 Amount	% of total
Commercial banking business	**292,001**	**91.84%**	298,954	93.51%
Including: Corporate banking	**124,052**	**39.02%**	131,974	41.28%
Personal banking	**132,637**	**41.72%**	141,030	44.11%
Treasury operations	**35,312**	**11.10%**	25,950	8.12%
Investment banking and insurance	**15,629**	**4.92%**	13,615	4.26%
Others and elimination	**10,299**	**3.24%**	7,138	2.23%
Group	**317,929**	**100.00%**	319,707	100.00%

Please refer to Note III.32 to the Condensed Consolidated Interim Financial Statements for more detailed information related to the Group's other operating results and financial position in terms of geographic and business segment categories.

Fair Value Measurement

Movement of Financial Instruments Measured at Fair Value:

Unit: RMB million

Items	As at 30 June 2024	As at 31 December 2023	Change
Due from and placements with banks and other financial institutions at fair value	**30,556**	18,126	12,430
Financial assets at fair value through profit or loss			
Debt securities	**363,990**	336,184	27,806
Equity instruments	**113,289**	112,434	855
Fund investments and other	**108,121**	101,803	6,318
Loans and advances to customers at fair value	**589,972**	718,776	(128,804)
Financial assets at fair value through other comprehensive income			
Debt securities	**3,530,774**	3,215,983	314,791
Equity instruments and other	**35,264**	32,130	3,134
Derivative financial assets	**148,582**	146,750	1,832
Derivative financial liabilities	**(132,314)**	(135,973)	3,659
Due to and placements from banks and other financial institutions at fair value	**(23,375)**	(3,798)	(19,577)
Due to customers at fair value	**(37,338)**	(47,657)	10,319
Bonds issued at fair value	**(4,143)**	(2,118)	(2,025)
Financial liabilities held for trading	**(35,728)**	(54,264)	18,536

The Bank has put in place a sound internal control mechanism for fair value measurement. In accordance with the *Regulatory Guidelines on Valuation of Financial Instruments in Commercial Banks*, *Guidelines on Market Risk Management in Commercial Banks,* CAS and IFRS Accounting Standards, with reference to the Basel Capital Accord, and drawing on the best practices of international banks regarding valuations, the Bank formulated the *Valuation Policy of Financial Instrument Fair Values of Bank of China Limited* to standardise the fair value measurement of financial instruments and enable timely and accurate financial information disclosure. Please refer to Note IV.4 to the Condensed Consolidated Interim Financial Statements for more detailed information related to fair value measurement.

Other Financial Information

There are no differences in the shareholders' equity and profit for the period prepared by the Bank in accordance with IFRS Accounting Standards and those prepared in accordance with CAS. Please refer to Supplementary Information I to the Interim Financial Information for detailed information.

Business Review

Overview of Strategic Business Progress

During the reporting period, the Bank earnestly implemented national decisions and plans and advanced the execution of the 14th Five-Year Plan, thus achieving sound execution of its strategy. It made every effort to take necessary steps to deepen supply-side structural reform in the financial sector, and stepped up financial support for major strategies, key areas and weak links. The Bank implemented the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance, and made constant efforts to contribute to the high-quality development of the real economy.

Technology Finance

The Bank placed great importance on providing financial support for the nation's technological development and actively promoted high-level planning, high-standard services and high-quality development in technology finance. It enhanced its comprehensive service capabilities by improving its technology finance service system, constructing a technology finance ecosystem and optimising its organisational structure for technology finance. As at 30 June 2024, the Bank provided RMB1.71 trillion of credit support to 83,500 technological enterprises, alongside other comprehensive financial services amounting to over RMB650.0 billion in value.

Comprehensively optimising the financial service model and organisational structure for technology finance. The Bank established a "Head Office – Branch – Sub-branch" multi-level service system for technology finance, set up the Technology Finance Service Centre of the Head Office as well as 24 technology finance centres at tier-1 branches, and focused on building specialised sub-branches or featured outlets for technology finance in regional technology clusters. The Bank rapidly responded to customer demand and market demand, and better supported the development of technological enterprises through a more efficient and orderly business collaboration mechanism.

Focusing on key scenarios and serving key customer groups in the field of technology finance. The Bank focused on expanding batch customer expansion scenarios from sources such as high-tech zones and universities, utilised digital methods to create customer profiles, and implemented differentiated precision marketing based on the refined classification of different customer groups. Taking technological enterprises as its key customer group, the Bank provided full life-cycle services based on the characteristics of such enterprises, focusing on key areas such as project R&D, technological breakthroughs and results application.

Promoting specialised products and improving its technology finance service system. To meet the needs of technological enterprises, the Bank continuously refined and promoted credit products, including innovative "bonus point" loans, intellectual property pledge loans, and loans to specialised and sophisticated SMEs. It established credit review and approval procedures tailored to the characteristics of technological enterprises. It leveraged its comprehensive service capacity to enhance support for businesses such as technology investment, technology bonds, technology insurance and technology leasing.

Deepening bank-government cooperation and strengthening the construction of its technology finance ecosystem. The Bank continued to deepen cooperation with government organs and strengthened its service capacity for scientific research institutes and scientists in cross-border finance and personal finance. It built a technology finance ecosystem, which strengthen cooperations with various entities including institutional investors, industry leaders, industry associations, and universities, etc., deeply integrating the Bank into technology innovation and development, and enhancing the brand image of "BOC Technology Innovation +".

Green Finance

Adhering to the national decision and plan of "carbon peak and carbon neutrality", the Bank actively implemented its green development strategy and diligently followed the *Green Finance Guidelines for Banking and Insurance Sectors*, with the goal of becoming the bank of first choice for green finance services. It optimised its green finance governance structure and refined related supporting measures, realising rapid and healthy growth in green finance business.

Rapid growth in green credit. The Bank participated in benchmark green projects with global influence and ranked first among Chinese banks in Bloomberg's "Global Green UoP Loans" and "Global Sustainability-Linked Loans" rankings. It served as the mandated lead arranger for the world's largest solar powered reverse osmosis seawater desalination facility project. It also supported the construction of the Abu Dhabi waste-to-energy power project, one of the largest waste-to-energy power facilities in Arab countries. As at 30 June 2024, the Bank's domestic green credit balance reached RMB3,665.903 billion, a year-on-year increase of 39.77%.

Leading position in the green bond market. In the first half of 2024, the Bank underwrote RMB98.370 billion of domestic green bonds, outperforming its Chinese peers, as well as USD9.177 billion of overseas green bonds, ranking first among Chinese peers in Bloomberg's "Global Offshore Green Bonds" rankings. It also ranked first in the National Association of Financial Market Institutional Investors (NAFMII)'s "List of Investors in Green Debt Financing Instruments". The Bank innovatively issued the world's first "Belt and Road" sustainable development bond, all the proceeds of which were used to support projects in the fields of renewable energy, sustainable water resources and wastewater management.

Abundant and diversified green products and services. The Bank has established the "BOC Green+" global brand and launched tens of green financial products and services across five categories, covering deposits, loans, bonds, consumption and other services. In the first half of 2024, the Bank successfully granted the first nature-benefit business ESG-linked loan in China. It provided preferential home comprehensive insurance for residents in the green buildings/communities certified by the government (special offers for green mortgage program customers). To actively support the construction of the national carbon market, the Bank first opened a trading account and a registration account in the National Greenhouse Gas Emission Reduction Market and jointly underwrote the first interbank green office building real estate investment trusts (REITs) in China. It served as lead underwriter for a green technology innovation corporate bond. It published "ChinaBond BOC Green Bond Index" in conjunction with ChinaBond Pricing Centre, providing market making quotation services for high-quality green bonds and further promoting the influence of green finance.

Active participation in green finance collaboration. The Bank carried out climate risk management and disclosure under the framework of the United Nations Principles for Responsible Banking (PRB) and the Task Force on Climate-related Financial Disclosure (TCFD). It fulfilled its role as co-chair of the transition finance taskforce of the Green Investment Principle (GIP) for the Belt and Road initiative, vice-chair of the China Council of the Sustainable Markets Initiative (SMI) and member of the Green Development Investment and Financing Partnership, so as to promote international cooperation and communication on green finance. The Bank hosted the Green Finance and Sustainable Development Forum at the fourth China International Consumer Products Expo (CICPE), and organised the China-UK Green Finance Seminar to actively promote green finance communication and cooperation between the two countries. It jointly published *Guidance on Financial Support for the High-quality Development of Water Saving Industries* in cooperation with the Ministry of Water Resources of the People's Republic of China, and actively participated in green and sustainable development related research and exchange activities organised by regulatory authorities and industry associations.

Green finance capacity building. The Bank completed its annual green finance talent survey and selection, and pushed forward the timely implementation of its green finance talent development system, covering approximately 10,000 individuals across three levels and over six themes. It organised a green finance "open competition" campaign to provide effective incentives for green finance management and product and service innovation. It added green finance courses to new employee training, and held green finance-themed training courses at different levels to enhance employees' ability to serve the high-quality development of green finance. According to the *Bank of China Specialised Outlet Construction Plan*, the Bank has set up 389 outlets with green finance features, in order to sharpen the competitive edge of its domestic institutions.

Inclusive Finance

Steadfastly committed to providing timely assistance for people's livelihood, the Bank focused on the integrated financial needs of micro and small-sized market entities and urban and rural residents, continued to optimise its products and services and improved its comprehensive financial service capabilities, promoting the high-quality development of inclusive finance business.

Continually expanding business volume and service coverage, and building an inclusive financial service system that benefits more people. The Bank integrated online and offline efforts to extend the reach of its inclusive finance services, continually upgraded the functions of the "BOC Inclusive Finance" app and "BOC E-Cooperation" app, and built featured outlets for inclusive finance. As at 30 June 2024, the Bank's outstanding inclusive finance loans to micro and small-sized enterprises (based on the statistical standards by NFRA) reached RMB2,091.628 billion, growing by 18.94% compared with the prior year-end and outpacing the Banks overall loan growth rate. The number of inclusive finance customers surpassed 1.3 million. The Bank actively made interest rate concessions to borrowers within the real economy, with the average interest rate of new inclusive finance loans to micro and small-sized enterprises standing at 3.33%. The asset quality of loans to micro and small-sized enterprises remained stable overall.

Helping to stabilise and expand employment, and supporting to ensure people's livelihood. The Bank fortified its long-acting mechanisms to stabilise and expand employment, held a special "Inclusive Loan for Employment Promotion" themed event for three consecutive years. In the first half of 2024, it granted more than RMB190.0 billion of special-purpose loans to help stabilise and expand employment. It provided services for self-employed individuals, entrepreneurs and new urban residents, and launched special activities such as "Providing Resources to Support Startups • Spring Warming Actions" as well as those to benefit merchants and support rural people, thus improving its financial service quality and efficiency in key areas.

Supporting agriculture, rural areas and farmers with financial services, and boosting comprehensive rural revitalisation. The Bank supported key agriculture-related areas and national food security, scaled up credit services for agricultural and rural infrastructure, and provided stronger financial support to new types of agribusiness entities. It served the development of agriculture-related characteristic industries, effectively supported the revitalisation of the cultural tourism industry in rural areas, and actively contributed to the high-quality development of the fisheries industry. It innovated its online service model for agriculture-related business to provide customers with convenient and efficient financial services, continuously increased credit supply, optimised the layout of its institutions, enriched product varieties, and improved the quality and efficiency of financial services for key counties receiving national assistance for rural revitalisation.

Giving full play to the Group's synergies and providing comprehensive financial services. Capitalising on the Group's comprehensive operations, the Bank met the diversified financial demands of inclusive finance customers by providing various services including payment, credit, savings, cross-border business, insurance, wealth management and direct financing.

Pension Finance

The Bank actively served the national strategy of responding to China's aging population, and continued to build a diversified and professional product service system to meet people's growing needs for elderly care by focusing on the three areas of pension finance, personal pension finance and elderly care industry finance.

Enhancing its capabilities to serve the multi-level and multi-pillar pension insurance system. The Bank continued to provide high-quality comprehensive services in terms of national social security fund, basic pension insurance, enterprise annuities, occupational annuities, and personal pension funds. It further enriched enterprise annuity collective plans.

Continuing to build a "Finance+" service system for personal pension finance. The Bank further enriched its personal pension financial products by holding a series of themed publicity activities in its mobile banking "Silver Zone" and launching customised financial products. It also made its service channels more elderly-friendly with a total of 10,260 elderly-friendly outlets brought up to standard and 1,023 demonstration outlets for elderly care services established as at 30 June 2024.

Supporting the high-quality development of the pension industry and silver economy. The Bank participated in a special campaign on city-enterprise collaboration, and actively enhanced the quality and efficiency of financial services for the pension industry. It took full advantage of the relending facility for inclusive elderly care services, and provided preferential loans to eligible institutions and enterprises engaged in inclusive elderly care services, with the aim of expanding and enriching the supply of pension services.

Digital Finance

Adapting to the trend of digital economic development, the Bank strived to promote high-quality business development through new digital empowerment, thus supporting the high-quality development of the real economy.

Giving full play to the value of data assets. The Bank continuously pushed forward "business datafication", pressed ahead with data governance, reinforced data support, and facilitated the construction of the "Bring in Every Single Grain" project and "BOC One Table". Its "Data Verticals and Horizontals" platform covered 80% of the Group's institutions. The Bank also pushed forward "business-oriented data application", deepened data analysis and application, and accelerated the construction of a unified data labelling centre to provide unified labelling services for the Group. It developed premium data applications focusing on precision marketing, anti-fraud and other key fields.

Enhancing the digitalisation level of financial services. In terms of corporate banking, the Bank actively leveraged technologies such as big data, artificial intelligence, Robotic Process Automation (RPA) and Optical Character Recognition (OCR) to streamline its business processing and reduce workload, thereby enhancing customer experience and steadily facilitating the expansion of its customer base. The Bank advanced the construction of key functions such as "Whole-process Services for Customers" and "Access to the Bank's Global Expertise at Any Point of Contact", enhancing the management and service capabilities of its global service platform. In terms of personal banking, the Bank focused on continuously iterating and upgrading its mobile banking platform. It added new functions such as housing provident fund services and "Wealth Management Night Fair" to domestic personal mobile banking. During the reporting period, the peak number of monthly active customers exceeded 90 million. The Bank accelerated the promotion of overseas personal mobile banking (version 6.0), and launched a line of key features including e-tokens, online RMB salary remittance, push notifications and online modification of customer information. In terms of financial markets business, the Bank advanced its online service capabilities and continuously improved the functions of its online channels, thus enhancing customer transaction convenience. It enriched automated market making transaction strategies and varieties, constantly enhancing its transaction capabilities. In terms of inclusive finance, the Bank vigorously developed key products such as "Farmer Quick Loan", optimised online product functions such as "Tobacco Merchant E-Loan", "Mortgage Loan" and "Bank Tax Loan", etc., continuously upgraded the unique functions of its "BOC Inclusive Finance" app, and improved the coverage and convenience of its inclusive products and services.

Steadily advancing the innovative application of e-CNY. The Bank accelerated the integration of e-CNY with its traditional business strengths. It assisted the Central Bank of the United Arab Emirates (UAE) in realising the first cross-border payment using its digital currency "Digital Dirham" via "Project mBridge", a multi-central bank digital currency platform. It achieved innovative breakthroughs in multiple scenarios such as housing provident fund, insurance, rail transit, campus, corporate bill payment, and agency payroll payment, and implemented the country's first e-CNY hardware wallet payment application scenario to function without a network connection or electricity. The Bank deeply integrated e-CNY with mobile banking, and launched various convenient and preferential services, including high-frequency small-amount transaction scenarios such as phone bill recharge, electricity bill payment, online shopping, and green travel. It continuously promoted the construction of e-CNY acceptance environments, constantly improved product functions and enhanced system security and user convenience, satisfying the diverse customer payment needs of governments, enterprises, and individuals.

Commercial Banking in the Chinese Mainland

Focusing on supporting the country's major strategies, key areas and weak links, the Bank achieved remarkable results in improving the quality and efficiency of its services to the real economy. In the first half of 2024, the Group's commercial banking business in the Chinese mainland recorded an operating income of RMB244.418 billion, a decrease of RMB7.431 billion or 2.95% compared with the same period of the prior year. Details are set forth below:

Unit: RMB million, except percentages

	For the six-month period ended 30 June 2024		For the six-month period ended 30 June 2023	
Items	**Amount**	**% of total**	Amount	% of total
Corporate banking business	**102,579**	**41.97%**	108,681	43.15%
Personal banking business	**120,077**	**49.13%**	126,179	50.10%
Treasury operations	**21,594**	**8.83%**	17,804	7.07%
Others	**168**	**0.07%**	(815)	(0.32%)
Total	**244,418**	**100.00%**	251,849	100.00%

Corporate Banking

Supporting the nation's real economy vigorously, the Bank continuously promoted the transformation and upgraded of its corporate banking business. It increased credit support in key areas and weak links including technological innovation, green transformation, inclusive finance, rural revitalisation, strategic emerging industries, the manufacturing industry and the private sector, enhanced the quality of service support for advanced manufacturing and the construction of industrial systems for the digital economy, and supported region-specific development of new quality productive forces. Leveraging its financial strength, the Bank served the coordinated development of regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Economic Belt, assisting the implementation of national strategies. It built a comprehensive customer segmentation marketing management system so as to consolidate its development foundations. The Bank developed an integrated operational mechanism for marketing services covering the entire product line and strengthened collaborative synergy, improving responsiveness to customer demands. In the first half of 2024, the Group's corporate banking business in the Chinese mainland recorded an operating income of RMB102.579 billion, a decrease of RMB6.102 billion or 5.61% compared with the same period of the prior year.

Corporate Deposits

The Bank actively promoted the high-quality growth of its deposit business, adhering to the coordinated development of quantity and price. It continued to improve its customer segmentation marketing management system, enhanced its "customer-centric" philosophy and strengthened comprehensive service capacity. Actively optimising the business structure, it maintained a balanced relationship between preventing risks and promoting development, and continuously pushed for reasonable growth in quantity and effective improvement in quality. The Bank gave full play to the strategic positioning of its administrative business, provided commercial and intelligence services for local governments, strengthened the "head office to head office" docking, continued to promote the construction of a smart government ecosystem, improved the quality of comprehensive financial services, and consolidated business foundations. As at 30 June 2024, RMB corporate deposits of the Bank's commercial banking business in the Chinese mainland totalled RMB8,802.078 billion. Foreign currency corporate deposits amounted to USD78.187 billion, ranking first in market share among domestic peers.

Corporate Loans

The Bank closely tracked the financing needs of customers and the market. It continually increased credit granting to key areas and weak links of the nation's economic and social development and effectively improved the quality and efficiency of its services to the real economy. The Bank increased credit granting to strategic emerging industries and assisted in promoting the construction of a modern industrial system. To serve the nation's coordinated regional development strategy, the Bank grasped the central government's development positioning for each region and enhanced credit support for key industries on a region-specific basis, injecting financial momentum into the development of a regional economic pattern featuring complementary advantages and high-quality development. To serve the national strategy of expanding domestic demand, the Bank continuously strengthened its inclusive finance services, accelerated the building of a scenario-based financial services ecosystem, made breakthroughs in online products, and assisted in deepening supply-side structural reform. To serve the national rural revitalisation strategy, the Bank provided services for modern agriculture and consolidated and expanded progress made in poverty alleviation. To serve the nation's ecological conservation strategy, the Bank refined its green credit products and services and expanded its green credit activities. Its green credit growth rate, as well as the proportion of green credit within the Bank's total loans, ranked among the top in the industry. The Bank enhanced its brand reputation for green finance and assisted in sustainable economic and social development. To serve the "win-win" strategy of China's opening up, it focused on strengthening overseas economic and trade cooperation, and provided solid financial services to the Belt and Road initiative. As at 30 June 2024, RMB corporate loans of the Bank's commercial banking business in the Chinese mainland totalled RMB11,656.856 billion. Foreign currency corporate loans totalled USD45.952 billion. Specifically, corporate green loans, loans granted to private enterprises and loans granted to manufacturing industries increased by 17.80%, 9.35% and 9.57% respectively, compared with the prior year-end.

Financial Institutions Business

Leveraging its global and integrated business platform, the Bank provided comprehensive and high-quality financial services to customers around the world. The Bank continued to deepen cooperation with various types of financial institutions. As at the end of the first half of 2024, it maintained correspondent relationships with nearly 1,200 institutions around the world and has opened 1,510 cross-border RMB clearing accounts for correspondent banks from 113 countries and regions, establishing itself as a leader among domestic banks. The Bank promoted the RMB Cross-Border Interbank Payment System (CIPS) and has formed indirect participant partnerships with over 600 domestic and overseas financial institutions, capturing the largest market share among peers. Its custodian service for Qualified Foreign Investors (QFI) and its agency service for overseas central banks and other sovereign institutions led the industry in terms of both customer base and business scale. It also ranked first in the amount under custody of bonds invested by overseas institutions in the China interbank bond market (CIBM). The Bank actively promoted RMB internationalisation, holding various events including the "Assisting the Construction of the China-Pakistan Trade Corridor and RMB Business" forum, and making every effort to advance RMB internationalisation in Latin America. It has established multi-level partnerships with international multilateral financial institutions and served as the co-lead arranger and bookrunner for the first syndicated loan of the New Development Bank, the only Chinese bank to do so. As lead underwriter, it assisted the Asian Infrastructure Investment Bank and the BRICS Development Bank in issuing panda bonds. The Bank assisted in enriching product supply in capital markets, advanced the construction of Shanghai International Reinsurance Centre and deeply participated in the design and promotion of plans for "Reinsurance International Board".

Transaction Banking

The Bank fully served high-standard opening up and achieved steady development in its transaction banking business. It made proactive efforts to improve the volume and quality of foreign trade and to build financial bridges for foreign trade enterprises to explore diversified markets. The Bank fully served the hosting of China Import and Export Fair (Canton Fair) and China International Consumer Products Expo (CICPE), and energetically supported preparations for China International Import Expo (CIIE), China International Fair for Trade in Services (CIFTIS), and China International Fair for Investment and Trade (CIFIT). A number of enterprises took the lead in joining the BOC Trade Club platform. To facilitate promoting RMB internationalisation in a steady, prudent and robust manner, the Bank conducted RMB internationalisation roadshows in countries including Indonesia, Malaysia and Brazil, successfully hosted the "2024 RMB Internationalisation Forum" in Shanghai, and published the *White Paper on RMB Internationalisation*. It organised the "BOC Global Cash Management Service in Provinces" promotional activity series to meet the global fund management needs of enterprises in global treasury construction and overseas operations. The Bank continuously promoted the digital transformation of its transaction banking business and developed and put into operation a next – generation of bill pool system to enhance the capability of its bill trading services. It continuously deepened the construction of corporate finance scenarios, promoted open banking embedded services for corporate clients, and launched "BOC Enterprise Cloud Finance" and "BOC Enterprise Cloud Accounting" services on multiple platforms. The transaction volume of "BOC Enterprise Cloud Direct Remittance" continued to increase. In the first half of 2024, the Bank's domestic institutions continued to lead peers in the fields such as international trade settlement, cross-border letter of guarantee and cross-border fund pool. The coverage of the Bank's collaborative platforms for cross-border e-commerce settlement kept expanding, and the scale of settlement services grew rapidly. Domestic institutions witnessed a steady growth in cross-border RMB settlement volume, continuing to lead their peers.

Inclusive Finance

The Bank continued to increase its support for key customers in key areas and make every effort to build an inclusive financial service system that appropriately supports the development of micro and small-sized enterprises and other market entities. In order to serve key areas and weak links, it established and continuously improved its long-acting mechanism for financial services, carried out the "Inclusive Loan for Employment Promotion" themed event for the third consecutive years, and granted special loans to support the production and operation of enterprises which have made outstanding contributions for stabilising and expanding employment, so as to promote employment stabilisation and expansion. The Bank also scaled up its credit support to agriculture-related areas. As at 30 June 2024, the balance of the Bank's agriculture-related loans stood at RMB2.28 trillion, while the balance of loans to key counties receiving assistance for rural revitalisation reached RMB36.832 billion, up 11.08% compared with the prior year-end, outpacing the Bank's overall loan growth rate. To foster the development of the new quality productive forces, the Bank focused on micro and small-sized technological enterprises and formulated a full life-cycle service programme, providing a package of financial services such as account opening, payroll agency, settlement, private banking and capital services, etc., with more than RMB430.0 billion in credit lines granted to over 28,000 national and provincial-level specialised and sophisticated SMEs. The Bank continued to promote its intellectual property pledge financing business, carried out special activities to assist the development of new energy vehicles and other industrial chains, and regularly developed and published the "Enterprise Intellectual Property Pledge Financing Index". It accelerated the digital transformation, enriched and perfected the online financing product system of "BOC Quick Loan" and made innovation in its "Export E-Loan" to meet the financial service needs of micro and small-sized enterprises engaged in foreign trade export. It optimised online channels and operation platforms, continuously improved the "BOC Inclusive Finance" customer service app, and upgraded its intelligent operation platform for inclusive finance business. To assist the high-quality development of enterprises, the Bank organised nearly 30 bank-enterprise linking activities in Shanghai, Guizhou, Xinjiang and other provinces and cities, and created 14 provincial-level special investment attraction and promotion zones on the "BOC E-Cooperation" platform targeting Beijing, Tianjin, Hebei and Shanghai, etc. To support high-level opening-up, the Bank actively participated in the organisation of a special event on "Finance Supporting Private Enterprises in Yangtze River Delta 'Going Global'", as a means to provide further financial support and services to private enterprises' "Going Global" efforts and contribute to the high-quality construction of the Belt and Road. The Bank's outstanding inclusive finance loans to micro and small-sized enterprises reached RMB2,091.628 billion, growing by 18.94% compared with the prior year-end and outpacing the Bank's overall loan growth rate, while the number of inclusive finance customers surpassed 1.3 million.

Pension Business

The Bank adhered to the national strategy of actively responding to the aging population. Focusing on establishing the national elderly care security system, the Bank strived to build up its pension finance service system with abundant products and high-quality services. As at 30 June 2024, pension funds held in trust by the Bank reached RMB232.364 billion, an increase of RMB22.478 billion or 10.71% compared with the prior year-end. Enterprise annuity individual accounts held by the Bank reached 4.3725 million, an increase of 0.2488 million or 6.03% compared with the prior year-end. The Bank provided enterprise annuity services for more than 19,400 institutional clients.

Personal Banking

Being customer-centric, the Bank stepped up efforts to establish its status as a leading bank in full-stack personal banking. As at 30 June 2024, the Bank's commercial banking business in the Chinese mainland had more than 531 million personal customers, an increase of 1.19% compared with the prior year-end, and expanded its market share among comparable peers. In the first half of 2024, the Bank's personal banking business in the Chinese mainland realised an operating income of RMB120.077 billion, a decrease of RMB6.102 billion or 4.84% compared with the same period of the prior year.

Account Management Business

The Bank is committed to offering inclusive and high-quality account management services. Centred around the "Three Pillars of Personal Pensions" system, it strengthened its personal pension services, continuously enriched products and provision, optimised related systems and functions, and provided a one-stop comprehensive pension scheme covering pension account opening, contribution and asset management, etc. The Bank maintained a leading market position among comparable peers in terms of the number of personal pension mutual funds sold. It continued to promote a Chinese mainland personal account opening witness service in Hong Kong (China) and Macao (China) (known as the "Greater Bay Area Account Opening" service) and launched digital card and mobile banking online activation services, facilitating the opening of mainland personal bank settlement accounts for residents of Hong Kong (China) and Macao (China). As at 30 June 2024, the Bank had opened over 380 thousand accounts via its "Greater Bay Area Account Opening" service, an increase of 10.64% compared with the prior year-end. The Bank actively reduced fees and made profit concessions, providing fee waivers on personal debit card annual fees and management fees for petty accounts.

Wealth Finance Business

The Bank improved the coverage and quality of its wealth management business in line with the strategic aim of "common prosperity" and the principles of openness, mutual benefit, customer focus and whole-process companion. It enhanced its investment products selection capabilities, established a "Market-wide + Group-wide" product shelf, dynamically optimised its product supply according to market conditions, continuously improved its multi-term and multi-strategy product system, and steadily expanded cooperation with wealth management companies. As at 30 June 2024, the Bank established cooperation with 17 wealth management companies, which continued to maintain a leading position among its comparable peers. It strengthened its professional asset allocation capabilities and achieved full-process management of online asset allocation, including asset review and analysis, allocation recommendations, and one-click ordering. To enhance its whole-process customer service capabilities, the Bank continuously optimised "BOC Investment Strategy", a global investment strategy information service system covering major asset categories across different time intervals. It also expanded its "Fortune" mobile banking community. As at 30 June 2024, 44 cooperating financial institutions were operating in the "Fortune" community, including funds, insurance, brokerage firms, wealth management and other businesses. The Bank strengthened investor education and provided more supplementary services for customers holding investments. To improve customer service experience, the Bank launched the "Wealth Management Night Fair" service, extending the closing time for subscription and redemption transactions to 24:00 at night, providing customers with earlier interest accrual and redemption settlement services. As at 30 June 2024, the total financial assets of the Group's personal customers under management approached RMB15 trillion, with a steady increase in both the customer base and assets under management of medium and high-end customers. The Bank established 8,228 wealth management centres and 1,103 prestigious wealth management centres in the Chinese mainland.

Consumer Finance Business

Closely focusing on the needs of residents, the Bank intensified its efforts to improve its consumer finance services. To support the steady and healthy development of the real estate market, the Bank implemented regulatory policies and continuously increased housing loan scale, recording a higher market share among comparable peers as compared to the end of last year. By making timely adjustments and refinements to its housing credit policies, it provided differentiated housing credit services so as to reduce financing costs for homebuyers. The Bank gave full play to the role of promotional consumption in stabilising economic growth, continued to accelerate digital transformation and expanded customer coverage and scale in its non-housing consumer loan business. It formulated the *Financial Service Plan of Bank of China for Supporting the Trade-in of Consumer Goods* to better facilitate the trade-in of consumer goods. The Bank actively implemented the policy of interest exemption and deferred repayment for government-sponsored student loans, and energetically promoted the coordinated development of government-sponsored student loans by campus and place of origin, thereby expanding the scope of its business services.

Private Banking Business

The Bank adhered to the concept of "private banking driven by the Group's strengths", leveraging the Group's diversified resources to create full-cycle, multi-scenario and customised wealth management services. The Bank improved its investment strategy information service system, optimised its market-wide, Group-wide, and round-the-clock private banking products shelf, enhanced sales suitability management and continuously strengthened its asset allocation and customised service capabilities. It enhanced its "Entrepreneur Office" service, providing business financing services and comprehensive service solutions tailored to key entrepreneur customers in an effort to support the development of the real economy. It accelerated the development of its family trust business, with the number of family trust service customers increasing by 52.83% compared with the prior year-end, and rolled out unlisted company equity trust products. Leveraging the advantages of its overseas private banking services, the Bank assisted customers in optimising global asset allocation and provided employee equity incentive services for several overseas listed enterprises. It continuously issued exclusive products for the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region and other regions to boost high-quality regional economic development. It promoted the issuance of charitable products and trusts to fulfil its social responsibilities. As at 30 June 2024, the Group had over 185.2 thousand private banking customers with RMB2.84 trillion of financial assets under management, and established 197 private banking centres in the Chinese mainland.

In the first half of 2024, the Bank's private banking business received various awards including the "China's Best State-Owned Private Bank" from *Euromoney*, "Best Private Bank – National", "Best Private Bank – Wealth Planning" and "Best Private Bank – Entrepreneurs" from *Asian Private Banker*, and the "Award for Family and Enterprises Finance" from *Retail Banking.*

Personal Foreign Exchange Business

The Bank actively served the country's high-level opening up. Focusing on key customers, key regions and key businesses, it accelerated product and service innovation and continued to optimise its personal foreign exchange business in order to consolidate its leading advantages. It expedited the roll-out of self-service currency exchange machines, which now support e-CNY exchange and offer screen and voice guidance in 8 languages. The number of the self-service machines increased by 37.74% compared with the prior year-end, maintaining market leadership. The Bank had 1,727 authorised exchange counters, with its market share among comparable peers surpassing 50%. In the first half of 2024, the Bank continued to lead its domestic peers in terms of personal cross-border business income, volume of personal foreign currency exchange against RMB, and foreign currency personal deposits. It also continued to lead peers in terms of personal deposit-withdrawal currency coverage, offering 25 currencies, and personal foreign currency cash exchange coverage, offering 39 currencies.

Bank Card Business

Focusing on customers' financial service needs, the Bank continuously optimised its comprehensive service capabilities to effectively unleash bank card business growth potential.

Enhancing the quality and efficiency of debt card services and making steady progress towards financial services that benefit the people. The Bank adopted an integrated online and offline service model for its social security card business, optimised physical social security card services and promoted electronic social security cards. It has cumulatively issued 122.9973 million physical social security cards and 37.5160 million electronic social security cards. To support the country's rural revitalisation strategy, the Bank continuously promoted rural revitalisation themed debit cards, with a total of 4.8068 million cards issued.

Fully leveraging the professional service capabilities of its credit card business to meet customers' diverse consumption needs. To align with the requirements of key customer groups, the Bank launched a co-branded card with JD.com for young online customers. Targeting private banking and wealth management customers, the Bank launched "Great Wall Private Banking and Wealth Credit Cards" to enhance customers' loyalty and service experience. Leveraging mobile payments as a key driver, it carried out card linking and payment promotion activities in cooperation with mainstream payment institutions and enhanced its capabilities for targeted promotion based on payment institutions' algorithms. It strengthened the construction of online channel consumption scenarios and carried out cashback campaigns during peak consumption periods for high-frequency and high-consumption scenarios such as shopping, travel, supermarkets and entertainment, in order to meet customers' needs for convenient consumption. To support major consumer purchases in scenarios such as automobile, home furnishing, and electronic products, the Bank improved the customer experience for large consumption demands. It promoted the development of new energy vehicle instalment business according to green finance development requirements. It also promoted instalment services for the trade-in programmes to meet customers' needs for car replacement and upgrading as well as the renewal of household appliances and home furnishings. Based on customers' various consumption needs, the Bank also provided its BOC E-Instalment "Family Consumption Reserve Fund" service on a flexible basis.

As at 30 June 2024, the Bank had cumulatively issued 688.4376 million debit cards and 146.1714 million credit cards. In the first half of 2024, credit card consumption volume reached RMB648.576 billion, while instalment transactions reached RMB184.951 billion.

Payment Merchant Business

Upholding the principle of "payment for the people", the Bank remained committed to providing customers with convenient, efficient and comprehensive payment services while always prioritising customer experience. The Bank enhanced its payment service capabilities for foreign nationals in China, continuously extended overseas card acceptance environment, improved payment services in its branches, and broadened its foreign currency exchange channels. As at 30 June 2024, the proportion of ATMs offering foreign card withdrawal services reached 100%, and that of branches providing foreign currency exchange services stood at 95%. Fully leveraging the traditional advantages of its foreign card acquiring business, the Bank took multiple measures to expand overseas card acquiring merchants, covering key scenarios such as food, housing, transportation, travel, shopping, entertainment, healthcare, and education, effectively improving the payment convenience for overseas visitors. The number of foreign card acquiring merchants increased by 127% compared with the prior year-end. The Bank enhanced its payment service capabilities for elderly customers, including providing more "petty cash pack" to meet their needs. It had granted approximately 1.19 million "petty cash packs", while the proportion of its branches catering to the needs of elderly customers reached 99.98%. To improve the quick payment card linking experience, the Bank introduced functions such as one-click multi-linking of debit cards at smart counter channels and the automated filling of SMS verification codes for card linking. It explored petty-amount-payment scenarios that benefit people's livelihood and expanded the coverage of its mobile banking QR code services for public transport. To make rail travel more pleasant and efficient, the Bank expanded the coverage of its Railway e-Card services to 87 inter-city railway lines, covering key areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, serving over 38 million journeys.

Financial Markets Business

The Bank closely tracked global financial market dynamics, and stepped up efforts to ensure prudent and compliant operations constantly, thus further consolidating its leading position in the sector.

Investment Business

The Bank strengthened its professional forecasting and analysis of domestic and overseas financial markets, dynamically optimised its investment structure and effectively mitigated portfolio risks. To boost the high-quality development of the real economy, the Bank adjusted its RMB portfolio to increase investment in key areas such as local government bonds and treasury bonds, and retained its position as a leading investor in green debt financing instruments. It actively participated in capital market innovations, including corporate bond investment on the Beijing Stock Exchange and total loss absorbing capacity (TLAC) non-capital bond investment. In response to fluctuations in the USD interest rate market, the Bank continuously optimised the product and currency structure of its foreign currency investment portfolios, seized market opportunities to reasonably control risks, and improved the rate of return on foreign currency portfolios.

Trading Business

The Bank continuously optimised its financial markets business system, consolidating its foundations for high-quality development. It constantly sharpened its competitive edge in financial markets, outperforming peers in market share of foreign currency exchange against RMB, making 40 currencies available for exchange, adding spot foreign exchange services for the Mexican peso and Saudi Arabian Riyal, and leading the domestic market in terms of the total number of tradable foreign currencies. The Bank actively fulfilled its responsibilities as a core market-maker, and was recognised as "Excellent RMB Foreign Exchange Market Maker", "Excellent Foreign Currency Pair Market Maker", "Excellent Member in Enterprise Risk Management Services" and "Excellent Currency Trading Institution along the Belt and Road" in the interbank foreign exchange market. In addition, it maintained the leading position in market-making rankings for precious metals on the Shanghai Gold Exchange and Shanghai Futures Exchange. It won the awards of "Bond Market Leading Institution of the Year" from China Central Depository & Clearing Co., Ltd. and "Most Market Prestigious Institution of the Year" from China Foreign Exchange Trade System. To energetically serve the real economy, the Bank actively promoted the concept of FX risk neutrality and utilised financial market trading instruments to help enterprises enhance their exchange rate risk management. It stepped up service support for micro, small and medium-sized technological enterprises, and improved the quality and efficiency of inclusive finance hedging services. Seizing opportunities arising from the high-level opening up of financial markets, the Bank expanded its overseas institutional investor customer base and promoted quotation services for domestic bonds and derivatives. It actively responded to the optimisation of "Northbound Swap Connect", and maintained market leadership in cash bond trading with overseas institutions. The Bank signed the first change margin agreement in domestic derivatives trading to enrich the application scenarios of RMB assets, and assist with RMB internationalisation. To effectively guard against risks, the Bank strengthened its forward-looking, proactive and professional risk management, and improved its risk control and management capabilities in order to ensure business stability and sustainability.

Investment Banking Business

The Bank fully leveraged its globalised advantages and comprehensive operations. It met the diversified financing needs of customers with comprehensive, professional and customised "onshore + offshore" and "financing + intelligence" integrated financial services plans, including financial products and services such as bond underwriting and distribution, asset-backed securitisation (ABS), and professional M&A financial advisory services, etc. The Bank facilitated the development of China's multi-layered capital markets with professional services. It supported customers' direct financing needs. Its bond underwriting volume ranked among the top tier in China's interbank bond market (CIBM), while its allotment volume of credit bonds in the NAFMII remained first in the market. It actively promoted the development of green finance, maintaining a leading market position in green bond underwriting. Its volume of ABS underwriting outperformed peers. It strengthened synergistic cooperation with its comprehensive operation companies, met customer needs of services including M&A, equity financing, project financing, debt restructuring, asset divestitures, cross-border investment and financing, market analysis, industry research and policy interpretation, etc., thus providing professional financial advisory services. The Bank continued to hone its competitive advantages in cross-border business. It helped overseas issuers to issue Panda bonds, including Asian Infrastructure

Investment Bank, New Development Bank and other enterprises, maintaining its leading market share in Panda bonds underwriting. The Bank continued to top the offshore China bond underwriting league table, helping to channel international investment in support of the real economy, and assisted the Ministry of Finance of the People's Republic of China to issue RMB23.0 billion of offshore RMB bonds in Hong Kong, further contributing to RMB internationalisation. It assisted several enterprises and institutions to successfully issue offshore RMB bonds and US dollar bonds, helping Chinese institutions to finance overseas. The Bank assisted the Kingdom of Saudi Arabia to issue USD12.0 billion US dollar bonds, and assisted Public Investment Fund as well as Saudi Electricity Company to complete the issuance of multiple US dollar bonds, implementing the Belt and Road initiative and strengthening capital market cooperation in the Middle East. The Bank prudently developed its credit asset-backed securitisation business. It issued five NPL asset-backed securitisations with a total issuance volume of RMB3.027 billion in the first half of the year.

Asset Management Business

The Bank contributed to the overall management and planning of the asset management sector through the Asset Management Business Committee. It enhanced its capabilities in investment and research, compliance and risk control, customer expansion, information technology and product research and development to promote the high-quality development of the Bank's asset management business. The Bank actively supported the real economy and customers' wealth management. The Bank conducted asset management business through institutions such as BOC Wealth Management, BOCIM, BOCI China, BOC Asset Investment, BOC Hong Kong Asset Management and BOCI-Prudential Asset Management Co., Ltd., providing individual and institutional investors with RMB and foreign currency products across a full range of asset categories, as well as diversified investment strategies and services across the entire investment cycle. The Bank constantly innovated, enriched and issued new products with various characteristics and themes, such as "technology", "green", "inclusive", "pension" and "digital". As at 30 June 2024, the scale of the Group's asset management business reached RMB3.39 trillion, continuously improving the overall strength of the Group's asset management business.

Custody Business

The Bank continued to optimise the quality and efficiency of business operations and promote the high-quality development of asset custody business. It actively served pension finance, with pension funds under custody reaching RMB1.74 trillion, and continued to provide high-quality annuity custody services for large enterprises, with the value of annuities under custody increasing by over RMB36.0 billion from the prior year-end. It seized the opportunity to expand its mutual funds and placed 18 newly-issued passive index funds under its custody, leading the market in terms of the number of passive index funds under custody. In addition, the Bank developed customised custody service plans for publicly offered real estate investment trusts (REITs) and a range of pension finance products. It proactively applied operational risk management tools to improve business continuity management and enhance the effectiveness of risk prevention and control in its custody business. As at 30 June 2024, the total assets of the Group's custody business reached RMB18.82 trillion, up 8.38% from the prior year-end.

Village Bank

BOC Fullerton Community Bank actively implemented China's rural revitalisation strategy, and adhered to the development concept of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities".

It continued to improve its product and service systems, and remained committed to providing modern financial services to rural customers, county-level micro and small-sized enterprises, individual merchants and wage earners. As at 30 June 2024, BOC Fullerton Community Bank controlled 134 village banks via new institution establishment or M&A, with 189 sub-branches in 22 provinces (including autonomous regions and municipalities directly under the central government), of which 90 banks with legal person status were located in the mid-west region. The balances of total deposits and loans of these banks stood at RMB81.850 billion and RMB85.157 billion respectively. The NPL ratio was 2.17%, and the coverage ratio of allowance for loan impairment losses to NPLs was 166.72%. During the first half of 2024, BOC Fullerton Community Bank achieved a profit of RMB165 million.

Globalised Operation

As the most globalised Chinese bank, the Bank served the nation's new development pattern and high-level opening up, stayed focused on the goal of building a strong financial institution, established globalisation as a pillar and priority in its development strategy, constantly enriched the supply of financial products and services, further deepened the coordination across the Group, and gave further play to the role of the mechanism of "accessing the Bank's global expertise at any point of contact", strived to continuously consolidate its globalised advantages, and enhanced its global development capabilities and international competitiveness.

The Bank realised steady and orderly development in its globalised businesses, and constantly improved its ability to create value. The Bank continued to explore market opportunities, with a focus on cross-border finance, green finance, high-quality Belt and Road Initiative (BRI) cooperation, RMB internationalisation, the development of Shanghai and Hong Kong as international financial centres, and overseas personal banking services, etc. It also strengthened the risk management, compliance and safe operation capabilities of its overseas institutions in order to achieve sustainable development. As at the end of June, the Bank's overseas commercial banking business recorded customer deposits and loans of USD578.370 billion and USD431.339 billion respectively, an increase of 4.75% and a decrease of 0.77% compared with the prior year-end. In the first half of 2024, the Bank's overseas commercial banking business achieved a profit before income tax of USD5.037 billion, an increase of 11.04% compared with the same period of the prior year, contributing to 23.95% of the Group's total profit before income tax.

The Bank continued to optimise its global network to meet the financial service needs of its global clients. It continuously leveraged the advantages of global network to enhance collaborative services across the Group, and provide high-quality financial services for "high-standard Bringing In" and "high-level Going Global" initiatives. As at 30 June 2024, the Bank had 546 overseas institutions covering 64 countries and regions outside the Chinese Mainland, including 44 BRI partner countries.

The Bank comprehensively advanced the differentiated management of its overseas institutions and enhanced its global service capability to boost development. It also deepened group-level governance, reviewed and revised its market-by-market growth strategies for overseas institutions, focused on its main businesses, tapped the potential of overseas markets and continuously enhanced market competitiveness.

The Bank continually improved the regional and intensive development mechanism for its overseas institutions, and cultivated synergies to drive coordinated growth. The Bank constantly enhanced the capability of BOCHK and Bank of China (Europe) S.A. to manage their respective branches in Southeast Asia and the EU, and expanded the coverage of intensive operations of middle and back offices, thus further improving service quality and efficiency. It also encouraged its institutions in Latin America, South Asia and the South Pacific to further strengthen regional collaboration and leverage synergies.

Corporate Banking

The Bank gave full play to the Group's globalised advantages, followed the changes in global markets closely, and took effective measures in line with local conditions to maintain continued stable growth in its overseas institutions' financial business.

The Bank scaled up credit support for customers across the world. Actively leveraging the competitive edges arising from its global operations, global financial service network and "Access to the Bank's Global Expertise at Any Point of Contact" service mechanism, the Bank provided high-quality financial services to "Going Global" and "Bringing in" enterprises, Fortune 500 and overseas local enterprises and contributed to serving high-level opening-up and joint development of the Belt and Road. As at 30 June 2024, the Bank participated in more than 1,100 corporate credit projects along the Belt and Road and provided more than USD341.0 billion of credit support.

The Bank capitalised on the advantages arising from its global institution network. The Bank fostered comprehensive cooperation with various types of financial institutions in areas such as clearing, settlement, lending, investment, custody, treasury operations and comprehensive capital market services. As a result, it further expanded its customer base. Moreover, the Bank made full use of its international partnership network, drew on advanced global expertise and deepened peer communication and cooperation mechanisms to continually strengthen its participation in ESG-related fields worldwide.

The Bank deeply explored market opportunities. Responding in a more agile and forward-looking manner to market fluctuations, the Bank provided market advice to overseas institutional customers and promoted the investment value of RMB to medium and long-term investors around the world, resulting in steady growth in its overseas institutional investor customer base. Actively supporting the new development pattern of dual circulation, the Bank continuously strengthened coordination between domestic and international institutions to serve high-level opening-up and national strategies such as the Belt and Road Initiative. The Bank supported enterprises in their foreign trade and economic exchange, with its overseas institutions recording stable growth in international settlement and cross-border RMB settlement. The Bank improved its global cash management "1+5+N+X" layout, maintaining market leadership in cross-border cash pooling business.

Personal Banking

The Bank accelerated the development of its overseas customer service to further meet the needs of overseas personal customers for saving, payment and credit services, with the aim of building a high-quality and user-friendly comprehensive service system featuring diversified products. As at 30 June 2024, the Bank's personal banking network covered over 30 countries and regions, serving over seven million customers, and realising continuous expansion in customer size.

Optimising financial services in the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank constantly improved its "Cross-boundary Wealth Management Connect" services, and upgraded the services according to regulatory policies. It had approximately 62,600 subscribers for northbound and southbound "Cross-boundary Wealth Management Connect", maintaining a market-leading position. It continued to improve its "Greater Bay Area Account Opening" service, which meets demand from residents of Hong Kong (China) and Macao (China) for opening mainland personal bank settlement accounts, and continuously consolidated the product's advantages.

Meeting the needs of overseas customers for personal loans and wealth management. The Bank continued to improve the ability of refined risk management to promote the differentiated development of overseas personal loan business. The Bank provided and continuously improved wealth management and private banking services in Hong Kong (China), Macao (China), Singapore, etc.

Enhancing cross-border credit card service capabilities. Targeting overseas students, the Bank launched a digital version of EMV cards (Euro-Mastercard-Visa) that supports real-time card opening upon application, to meet the needs for online cross-border transactions such as tuition payment of overseas students, and provide high-quality card services for overseas students. The Bank carried out cashback offers for cross-border consumption under the "Global Wonderful" theme, a "reward points for overseas consumption" campaign with "Zhuo Jun Card" products, and a cash rebate offer for overseas students' tuition payments and other activities, underscoring the distinctive characteristics of its cross-border offering. It launched promotion activities in popular regions in collaboration with international credit card organisations. The Bank continued to enhance the influence of its foreign card acquiring brand, and improved the foreign card acceptance environment for major international games and events such as the 135th Canton Fair, the 2024 ISF Football World Cup, and the 2024 Summer Davos Forum in Dalian.

Financial Markets Business

Giving full play to the traditional advantages arising from the layout of its international network, the Bank adhered to a global vision, proactively responded to changes in international financial markets, and provided high-quality services in overseas financial markets, with the aim of building a high-value global brand in financial markets business.

The Bank made significant strides towards integrated management of its global investment business. It expanded the bond investment business of overseas institutions prudently by strengthening international market analysis and strategy research, increasing the bond investment scale of overseas institutions and proactively managing portfolio duration. It maintained a good balance of safety, liquidity and profitability, and continuously strengthened risk prevention and control.

The Bank leveraged the globalised and integrated operations of its trading business. It provided 5×24 round-the-clock quotation services to customers worldwide through its operations in Hong Kong (China), London and New York. It accelerated the promotion of electronic trading platforms to meet the automated trading needs of global customers. The Bank improved the infrastructure of its Hong Kong Offshore RMB Trading Centre, enhanced its influence in the offshore RMB and foreign exchange markets, and gave full play to its advantages in RMB business to continuously improve its customer service capabilities. The Bank improved the efficiency of the London Trading Centre's electronic trading platform to support its branches in Europe, Africa, and the Middle East, and reinforced its trading business infrastructure to promote business development. In the first half of 2024, the Bank underwrote Panda bonds with a total volume of RMB28.5 billion, ranking first in the market. It underwrote offshore China bonds with a total volume of USD1.322 billion, also ranking first in the market, and underwrote USD1.717 billion of Asia (excluding Japan) G3 currency bonds, ranking first among Chinese institutions.

The Bank comprehensively enhanced the overseas custody services capabilities. It actively contributed to financial two-way opening up and led the market in both cross-border custody business and overseas custody business. As at 30 June 2024, assets under cross-border custody amounted to RMB1.07 trillion, maintaining the top position among Chinese-funded peers.

Cross-border RMB Clearing Business

The Bank further consolidated its leading edge in cross-border RMB payments, and continually supported the global coverage expansion of CIPS. As at 30 June 2024, the Bank accounted for 15 of the world's 33 RMB clearing banks authorised by the People's Bank of China, continuing to lead its peers. It ranked first in the number of CIPS direct participant and indirect participant relationships. In the first half of 2024, the Group's cross-border RMB clearing transactions totalled RMB719.39 trillion, an increase of 93.97% compared with the same period of the prior year, maintaining the leading position in the global market.

Online Service Channels

The Bank continued to optimise its online service channels of overseas institutions, strived to improve customer experience, giving new impetus to its global development.

It improved the global service system of its corporate online channels and enhanced its ability to serve overseas enterprises. Focusing on the high-frequency needs of local customers, the Bank optimised its overseas corporate online banking functions by region, introducing more than 20 unique online channel functions in its institutions in Mexico, Argentina, Canada and other countries and regions, thereby further improving its basic service capabilities. As at 30 June 2024, the overseas corporate online banking has been available in 56 countries and regions, providing services in 14 languages.

Enhancing the BOC Mobile Banking app (International Version) and driving the digital transformation of its overseas personal banking business model. To further improve customer experience, the Bank vigorously promoted version 6.0 of the BOC Mobile Banking app (International Version), introducing key functions such as e-tokens, online RMB salary remittance, push notifications and online modification of personal information. As at 30 June 2024, the BOC Mobile Banking app (International Version) was available in 30 countries and regions around the world, providing services in 12 languages.

BOCHK

As a Hong Kong-listed banking group controlled by the Bank, BOCHK leveraged the Group's globalised advantages and comprehensive features to cultivate the Hong Kong market, actively tapped into cross-border business opportunities, pushed forward integrated development in Southeast Asia and bolstered digital empowerment, so as to continuously enhance its market competitiveness. As at 30 June 2024, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,998.248 billion and net assets reached HKD329.934 billion. In the first half of 2024, its profit for the period was HKD20.463 billion.

BOCHK developed a diverse range of green financial products and services to promote green and sustainable development. In line with market trends towards low-carbon transition, BOCHK enriched its green and low-carbon financial products and services. It rolled out Hong Kong's first personal carbon footprint tracking function on its mobile banking platform to encourage customers to live green and low-carbon lifestyles. It also expanded the loan purpose of green loans to personal customers to green and sustainable finance courses. To offer customers green investment opportunities, it introduced an equity fund themed on net-zero transition in China. It also provided its corporate clients with innovative and tailor-made green and sustainability-linked financial service solutions, so as to assist them in accomplishing their green development targets. In support of the HKSAR Government's green finance development, BOCHK again served as a joint global coordinator for the HKSAR Government's multi-currency digital green bond issuance. It participated in the inaugural "Hong Kong Green Week", and successfully held the "Cooperation & Innovation – Accelerating the Development of Sustainable Finance in China" forum. It remained committed to achieving its carbon neutrality targets in an orderly manner, providing steady momentum towards its goal of carbon-neutral operations by 2030.

BOCHK captured market opportunities in Hong Kong and strengthened its integrated financial service capabilities. BOCHK steadily developed its corporate banking services and leveraged collaborative mechanisms among its integrated business platforms to provide comprehensive financial service solutions for its corporate clients. It outperformed the local market in customer deposits and loans while maintaining its non-performing loan ratio at below the market average. It worked with blue-chip enterprises, high-quality commercial firms and SMEs, underwrote several bond issues with significant market influence, and maintained its leading market share as an arranger bank in the Hong Kong-Macao syndicated loan market. It promoted the development of inclusive finance services, implemented the nine supporting measures for SME customers (jointly introduced by the Hong Kong Monetary Authority (HKMA) and the Banking Sector SME Lending Coordination Mechanism), with the aim of offering diversified financing products and other financial services to SME customers. BOCHK also assisted corporate clients in setting up offshore treasury centres, consolidating its leading position in cash pooling business. BOCHK pushed forward the development and enhanced the quality of its personal banking services by optimising its wealth management products and services for different customer segments, actively expanding the service network of its "Private Wealth" premium brand and developing the younger customer segment, as well as strengthening its core product competitiveness. Capitalising on opportunities from Hong Kong residents travelling north for cross-border consumer spending and travelling overseas, BOCHK launched several cross-border promotion campaigns, recording solid growth in its consumer finance businesses such as credit cards, BoC Pay and BoC Bill.

BOCHK seized opportunities from cross-border business and pushed forward the rapid development of financial services in the Greater Bay Area. Seizing business opportunities from financial services policies in the Guangdong-Hong Kong-Macao Greater Bay Area, BOCHK strengthened internal and external collaboration to provide customers with financial services featuring global expertise accessible at any point of contact and launched a range of RMB trade service solutions featuring e-Commerce, commodities, Chinese brands going global and Belt and Road, as well as cross-border financial service solutions tailored for innovative technology and digital transformation. BOCHK Jakarta Branch, Phnom Penh Branch and Yangon Branch successively completed the RMB clearing account opening procedures for several banking peers, contributing to the expansion of the regional RMB clearing network. BOCHK continued to optimise the product and service suite of "Bank of China Cross-Boundary Wealth Management Connect", with the aggregate number of accounts opened and amount of funds remitted or transferred under both Southbound and Northbound services ranking among the top tier in Hong Kong. It also executed Hong Kong's first repo transaction collateralised by onshore RMB denominated debt securities under Northbound Bond Connect.

BOCHK gave full play to regional synergistic advantages and pushed forward integrated development in Southeast Asia. BOCHK deepened its regional management in Southeast Asia and remained focused on integrated regional development, adopting the organic combination of market-by-market strategies as its template for a differentiated management approach across its regional entities to steadily promote the synergistic development of regional business. It continued to enhance its regionalised operations and promote the centralisation of its Southeast Asian entities' operations by boosting the business operation capacity of its Regional Operation Centre in Nanning. BOCHK continuously optimised regional risk management, stringently adhered to the risk "bottom line" and solidly maintained key financial indicators at appropriate levels by implementing its "Three Lines of Defence" risk control mechanism and providing professional guidance to its entities. At the same time, it actively strengthened synergy and collaboration, capturing opportunities from the Regional Comprehensive Economic Partnership to focus on the development of Belt and Road and "Going Global" projects as well as large corporate customers in the region. It remained committed to promoting the regional development of structured finance business, with Bank of China (Thai) Public Company Limited participating in the first syndicated loan project for an automobile finance corporate in Thailand. Meanwhile, BOCHK Jakarta Branch collaborated with the Singapore Branch to successfully win a tender for a three-year term USD denominated syndicated loan to a bank in Indonesia, becoming one of the nine mandated lead arranger banks. As part of its digital transformation strategy, BOCHK innovated and enriched the functionalities of its mobile banking platform, steadily pushed forward the development of the scenario-based personal banking ecosystem and improved the customer experience in online payments. Bank of China (Malaysia) Berhad launched an interconnection project linking Combi QR code and UnionPay QR code payment functions for customers using its mobile banking platform in China, BOCHK Phnom Penh Branch became the first bank in Cambodia to launch a co-branded debit card, facilitating both Cambodian Shared Switch (CSS) and UnionPay International Co., Ltd., and BOCHK Vientiane Branch launched a UnionPay QR code payment function on its mobile banking platform.

BOCHK expedited its digital empowerment and made its financial services more accessible. BOCHK adhered to its strategy of improving customer experience and leveraging digital transformation to implement comprehensive digital work mechanisms and workflows. It promoted the integration of business and technology while utilising data, business intelligence and ecological approaches throughout its product design and service operations, with the aim of providing customers with omni-channel, seamless and high-quality digital services. BOCHK developed ecological, open and scenario-based banking services and participated in the construction of the e-CNY ecosystem by launching an e-CNY zone in its BoC Pay app to support e-CNY payment services. It became a founder member of the Project Ensemble Architecture Community established by the HKMA in order to formulate standards and strategies for Hong Kong's tokenisation market. BOCHK fostered product and service integration, devoting much endeavour to the research and development of high-quality financial products and services. It connected with the HKMA's Commercial Data Interchange to gain access to credit reference data from the Commercial Credit Reference Agency, using this to streamline its loan approval process.

BOCHK provided a seamless process experience by optimising the homepage of its corporate internet banking platform so as to improve the customer journey. In a bid to improve operational efficiency, BOCHK enhanced intelligent operations, and expanded the application and promotion of smart office tools, collaborative tools and automated testing tools in order to minimise operational risks. It refined its policies and systems for digital transformation, nurtured and attracted digital-savvy talent and fostered an innovative culture, thus laying a solid foundation for its long-term development.

(Please refer to the interim report of BOCHK for a full review of BOCHK's business performance and related information.)

Comprehensive Operation

As the first major commercial bank in the Chinese mainland to develop comprehensive operations, the Bank engages in key fields such as investment banking, asset management, insurance, direct investment, leasing, consumer finance and financial technology. With a focus on serving the real economy, the Bank pursued progress in the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance. Giving full play to its traditional business strengths, it advanced the high-quality development of its comprehensive operation companies according to the guidelines of Group-wide coordination, risk control, commercial sustainability and market competitiveness.

In the first half of 2024, the Bank further optimised the synergistic mechanisms between the Bank and its comprehensive operation companies and consolidated the regional coordination platform for comprehensive operations. It strengthened Group-level communication between the Bank and its comprehensive operation companies, formulated key business synergy strategies for its comprehensive operation companies, and carried out a series of collaborative matchmaking activities. It also refined the Group-wide management and control mechanism for its comprehensive operations, improved the "full-chain" performance evaluation system for its comprehensive operation companies, and strengthened risk penetration management. It standardised and optimised the corporate governance structure of its comprehensive operation companies, strengthened performance management of the directors and supervisors assigned to those companies, and continuously improved the quality and efficiency of Group-wide management.

Investment Banking Business

BOCI

The Bank is engaged in investment banking business through BOCI. As at 30 June 2024, BOCI had an issued share capital of HKD3.539 billion, total assets of HKD70.703 billion and net assets of HKD22.956 billion. BOCI realised a profit for the period of HKD734 million.

As an overseas investment banking platform based in Hong Kong, BOCI serves the investment banking business needs of the Group's "Going Global" and "Bringing In" clients. BOCI continuously consolidated its competitiveness and market position in Hong Kong. It focused on serving key areas such as technology finance and green finance to continuously improve the quality and efficiency of its services to the real economy. By providing professional and diversified investment banking services, BOCI helped the Bank to maintain a leading position among Hong Kong peers in bond underwriting scale. Furthermore, acting as the sole ESG rating advisor, it assisted a client in obtaining a "low-risk" ESG rating from Morningstar Sustainalytics for the second consecutive year, setting an industry benchmark. BOCI actively explored innovative products and issued 17 digital structured notes using blockchain, promoting digital transformation and RMB internationalisation. It accelerated the transformation of its traditional brokerage business into a wealth management business, meeting clients' wealth management needs through diversified products. The number of wealth management clients increased by approximately 4% from the end of last year. By setting up an exclusive ESOP business platform, BOCI provided professional services to around 85,000 employees of nearly 50 companies, managing various options with a total value of approximately HKD20.0 billion. It also enhanced its asset management capabilities. BOCI-Prudential Asset Management Limited, a subsidiary of BOCI, ranked fifth and second respectively in the Hong Kong Mandatory Provident Fund (MPF) and Macao Pension Fund markets.

BOCI China

BOCI China is engaged in securities-related business in the Chinese mainland. As at 30 June 2024, the registered capital of BOCI China was RMB2.778 billion.

BOCI China deepened its advantages of "investment banking + commercial banking", "investment banking + investment" and "domestic + overseas" through technological empowerment, promoting business transformation to support the development of technology finance, green finance, inclusive finance, pension finance and digital finance, as well as the building of strong financial sector for the nation. It targeted key client groups and industries, supporting the development of new quality productive forces. BOCI China ranked twelfth in technological innovation corporate bond underwriting and successfully underwrote the market's first AA+ rated technological innovation corporate bond from a specialised and sophisticated SME in the first half of the year. BOCI China made efforts to strengthen its proactive management capabilities of asset management business and continued to improve its customer service capabilities. BOCI China ranked second in the securities industry in terms of mutual funds scale. Focusing on the wealth management needs of individual clients, BOCI China constructed a customer-centric product system, refined its comprehensive service process for wealth management, and improved the service capability of its investment advisors. In addition, the brand reputation of its research products was further enhanced.

(Please refer to the interim report of BOCI China for a full review of its business performance and related information.)

Asset Management Business

BOCIM

The Bank is engaged in fund management business in the Chinese mainland through BOCIM. As at 30 June 2024, BOCIM had a registered capital of RMB100 million, total assets of RMB6.752 billion and net assets of RMB5.590 billion. In the first half of 2024, BOCIM realised a profit for the period of RMB359 million.

BOCIM steadily expanded its asset management business, maintained sound internal control and risk management, and constantly improved its brand and market reputation. Prioritising investors' interests, BOCIM strengthened its investment and research capabilities, refined product management, optimised new fund issuance, and launched 6 funds during the first half of this year with dividends of more than RMB2.5 billion, providing investors with stable income. In response to the national strategy of addressing aging population, BOCIM met investors' needs for pension investments by providing a rich supply of products. Consolidating its brand position as a "Global Manager of Global Assets", BOCIM's cross-border business covered Qualified Foreign Investors (QFI), Qualified Domestic Institutional Investors (QDII), mutual recognition of funds, Cross-border Wealth Management Connect and other fields. BOCIM also holds a capital markets services licence from the Monetary Authority of Singapore. As at 30 June 2024, BOCIM's AUM stood at RMB685.262 billion. Specifically, its publicly-offered funds reached RMB597.951 billion and its publicly-offered funds excluding money market funds reached RMB309.936 billion.

BOC Wealth Management

The Bank is engaged in wealth management business in the Chinese mainland through BOC Wealth Management. BOC Wealth Management's business includes wealth management products for the general public, wealth management products for qualified investors, advisory and consulting, and other asset management-related business. As at 30 June 2024, BOC Wealth Management had a registered capital of RMB10.000 billion, total assets of RMB18.555 billion and net assets of RMB17.884 billion. In the first half of 2024, BOC Wealth Management realised a profit for the period of RMB1.111 billion.

BOC Wealth Management provided greater support for major national strategies, key areas and weak links, took concrete and meticulous measures to support the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance, and promoted the high-quality development of its wealth management business. To support advancing Chinese modernisation, BOC Wealth Management established an investment research system for serving the real economy, intensified its efforts to identify investment opportunities in new quality productive forces, and facilitated the construction of a modernised industrial system. It continued to expand its ESG-themed wealth management offerings, increasing the proportion of products featuring ESG strategies. To support the rural revitalisation strategy, it introduced a line of exclusive themed products for customers in county-level areas and explored new models of financial services. It also strengthened its advantages in cross-border business, refined its foreign currency and cross-border wealth management product system, and maintained a leading position in the market in terms of product diversity and scale. It continued to consolidate its customer base and expand its sales channels, with products distributed via many external institutions and sales channels. In addition, it strengthened its comprehensive risk management system, promoted technological empowerment in business development and risk management, adopted "bottom line" thinking, and firmly guarded against risks. As at 30 June 2024, BOC Wealth Management's AUM reached RMB1,801.939 billion.

Insurance

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 30 June 2024, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.808 billion and net assets of HKD4.855 billion. In the first half of 2024, BOCG Insurance recorded insurance revenue of HKD1.477 billion and a profit for the period of HKD190 million.

BOCG Insurance helped to consolidate and enhance Hong Kong's position as an international financial centre, striving to build a high-tech, market-leading regional property insurance company with commercial banking characteristics. It leveraged its insurance expertise to boost high-level opening-up by meeting the overseas insurance needs of the Group's customers and providing better services to Chinese enterprises in Hong Kong. Centring on the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance, and digital finance, BOCG Insurance comprehensively aligned with market benchmarks to optimise its insurance strategy and business coordination mechanism and promote product development and service upgrading, so as to fully serve the development of the real economy. Based on the Group's integrated platform, it realised customer expansion through multiple channels, further broadening its customer base. Focusing on the development of new quality productive forces, it promoted in-depth digital transformation to enhance its innovation capability. Embracing ESG strategies, BOCG Insurance promoted green office practices and supported green finance initiatives. It maintained an appropriate balance between growth and security, effectively prevented and defused financial risks, and firmly safeguarded the "bottom line" of regulatory compliance.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 30 June 2024, BOC Life's issued share capital was HKD3.538 billion. Its total assets amounted to HKD193.018 billion and net assets amounted to HKD6.296 billion. In the first half of 2024, its profit for the period was HKD667 million.

BOC Life actively expanded its distribution channels and enriched its product spectrum, providing customers with high-quality and professional services. It strengthened collaboration with BOCHK and deepened strategic partnerships with brokerage firms, prestigious private banks and large independent financial advisory firms. BOC Life strengthened its tied agency workforce, focused on sales of high-value new business products and carried out targeted promotions for successful applicants of the Top Talent Pass Scheme and Capital Investment Entrant Scheme as well as other high-quality customer segments. In addition, BOC Life proactively enriched its product suite to offer more attractive products to high-net-worth and cross-border customers, and developed its wellness and silver ecosystems. In addition, it accelerated the development of its digital operations to enhance customer experience.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese mainland through BOC Insurance. As at 30 June 2024, BOC Insurance had a registered capital of RMB4.535 billion, total assets of RMB12.982 billion and net assets of RMB5.603 billion. In the first half of 2024, it realised insurance revenue of RMB2.954 billion and a profit of RMB280 million.

Giving full play to its role as a "shock absorber" for the insurance sector and a "stabiliser" for society, BOC Insurance identified the pivotal connections and initial levers between insurance services and the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance. It prioritised the strengthening of its core businesses and main responsibilities with a view to supporting the high-quality development of the insurance business as a whole. It enhanced the ability of insurance services to serve national strategic priorities in a precise and adaptive manner, with a focus on the development of new quality productive forces, coordinated regional development, modernisation of governance systems and capacities, and the deepening of high-level opening up. BOC Insurance also actively put into practice the Group's development strategy and reinforced bank-insurance collaboration, adding value to the Group's comprehensive financial services offering through its insurance products and services. It improved its ESG governance system, strengthened ESG information disclosure and communication, and promoted the transformation and upgrading of its governance framework. It focused on digital transformation, seeking to shift towards an online, intelligent and platform-based business development model to reinforce its growth momentum. It also improved its comprehensive risk management system, refined its long-acting internal control and compliance management mechanisms, and consistently boosted the quality and efficiency of its risk control. In the first half of 2024, it provided insurance coverage of RMB28.72 trillion, processed over 769.1 thousand claims, and paid out over RMB1.7 billion on insurance indemnities. BOC Insurance maintained an "A–" credit rating and "stable" outlook from Standard & Poor's for the tenth consecutive year.

BOC-Samsung Life

The Bank is engaged in life insurance business in the Chinese mainland through BOC-Samsung Life. As at 30 June 2024, BOC-Samsung Life had a registered capital of RMB2.467 billion and total assets of RMB104.069 billion. In the first half of 2024, BOC-Samsung Life recorded gross written premiums and premium deposits of RMB18.106 billion and a profit of RMB1.725 billion.

Upholding its customer-centric approach, BOC-Samsung Life gave full play to its three major functions of insurance protection, wealth management and fund financing to strengthen synergy and coordination within the Group and integrate itself into the wealth management system. Efforts were made to improve the accessibility and convenience of its financial services, enrich its product system and increase the supply of annuity, life insurance and health insurance products, including launching characteristic products such as "BOC Yixiang Jinsheng Immediate Payment Annuity Insurance" and "BOC Wenying No. 2 Endowment Insurance". In line with the principle that finance should serve the real economy, BOC-Samsung Life invested RMB8.256 billion in inclusive finance, technology finance and green finance. It accelerated digital transformation and further enriched and improved the functions of its online services. In the first half of 2024, BOC-Samsung Life recorded first-year premiums of RMB4.367 billion in its protection and long-term savings businesses, demonstrating consistent improvement in its market competitiveness. It achieved a level 2A rating in the consumer rights protection regulatory evaluation. BOC-Samsung Life also ranked third among life insurance companies in the service quality index.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment's business scope includes private equity investment, fund investment and management, real estate investment and management and special situation investment. As at 30 June 2024, BOCG Investment recorded issued share capital of HKD34.052 billion, total assets of HKD136.859 billion and net assets of HKD75.745 billion. In the first half of 2024, BOCG Investment recorded a profit for the period of HKD694 million.

Positioning itself as the Group's overseas direct investment platform, BOCG Investment made all-round progress in its transformation efforts with a clear focus on high-quality development. It advanced capacity building in investment research to support the development of new quality productive forces. Furthermore, it focused on project investment risks and reinforced prevention and control of new risks, significantly improving its overall risk management capabilities. It diversified its funding sources through various channels to drive business growth. During the reporting period, BOCG Investment successfully issued RMB2.5 billion in Panda bonds in the domestic interbank market.

BOC Asset Investment

The Bank is engaged in debt-for-equity swap and related business in the Chinese mainland through BOC Asset Investment. As at 30 June 2024, BOC Asset Investment had a registered capital of RMB14.500

billion, total assets of RMB89.876 billion and net assets of RMB24.667 billion. In the first half of 2024, BOC Asset Investment realised a profit for the period of RMB1.442 billion.

Committed to the national strategy of expanding domestic demand and deepening supply-side structural reform, BOC Asset Investment conducted debt-for-equity swap business in support of the high-quality development of the real economy. Adhering to the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance, it implemented projects in the green finance and technology finance sectors, among others, to advance the construction of a modern industrial system. As at 30 June 2024, the Bank's cumulative market-oriented debt-for-equity swap business reached RMB239.868 billion.

Leasing Business

BOC Aviation

BOC Aviation is engaged in the aircraft leasing business. It is one of the world's leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by value of aircraft assets. As at 30 June 2024, BOC Aviation had an issued share capital of USD1.158 billion, total assets of USD24.286 billion and net assets of USD6.061 billion. In the first half of 2024, it achieved a net profit after tax for the period of USD460 million, a new interim profit record for the Company. There was significant improvement in earnings as compared to the previous year.

BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry, achieving sustainable growth. Actively supporting the Belt and Road initiative, it had leased 55% of its aircraft to Belt and Road countries and regions as at 30 June 2024. Continuing to closely track customer demand, the Company took delivery of 18 new aircraft as it continued to expand its owned fleet. These aircraft were all delivered on long-term leases. During the first half of 2024, BOC Aviation signed 55 leases for aircraft while steadily expanding its business. Its fleet is currently on lease to a total of 93 customers in 47 countries and regions. The Company consistently sought to optimise its asset structure and improve its sustainable development. It sold 15 owned aircraft during the first half of 2024, leaving it with an average owned fleet age of 4.9 years (weighted by net book value) as at 30 June 2024, one of the youngest aircraft portfolios in the aircraft leasing industry.

(Please refer to BOC Aviation's interim report for a full review of its business performance and related information.)

BOCL

The Bank is engaged in financial leasing, transfer and receiving of financial leasing assets and other related businesses through BOCL. As at the end of June 2024, BOCL had a registered capital of RMB10.800 billion, total assets of RMB67.362 billion and net assets of RMB12.221 billion. In the first half of 2024, it recorded a profit for the period of RMB306 million.

BOCL focused on its main responsibilities and businesses, fully committed to serving the country's major strategies, key areas and weak links, and supported the high-quality development of the real economy. As at 30 June 2024, BOCL had conducted a total of RMB104.715 billion of financial leasing business, with the scale of its leasing assets in key industries such as smart transportation, renewable energy, advanced manufacturing and new materials accounting for 84.82% of the total. It also served green mobility, new energy power generation, solid waste disposal and air quality management, etc., with green financial leasing accounting for 46.75% of the total. BOCL focused on supporting intelligent technology upgrades and equipment renewals, combining industry and finance to drive innovative development and empower new quality productive forces. It also accelerated the expansion of its aviation and shipping business, successfully delivering the first domestic bonded financial leasing aircraft in Northeast China and realising a breakthrough from scratch in the Company's new shipbuilding projects. As at 30 June 2024, BOCL had a fleet of 5 aircraft and 11 ships, meeting the needs of aviation and shipping customers with high-quality and efficient services.

Consumer Finance

BOC Consumer Finance

The Bank is engaged in consumer loan business in the Chinese mainland through BOC Consumer Finance. As at 30 June 2024, BOC Consumer Finance had a registered capital of RMB1.514 billion, total assets of RMB73.409 billion and net assets of RMB8.735 billion.

BOC Consumer Finance pursued high-quality development, adhered to compliance-oriented management and accelerated digital transformation. It innovated services and strengthened business management for new urban residents, rural revitalisation, consumer protection and other fields, and continued to improve customer experience and market competitiveness. As at 30 June 2024, its loan balance stood at RMB71.789 billion. The balance of online loans accounted for 64.50% of all loans, an increase of 2.01 percentage points compared with the prior year-end.

Financial Technology

BOC Financial Technology

The Bank is engaged in financial technology innovation, software development, platform operation and technical consulting services through BOC Financial Technology. As at 30 June 2024, BOC Financial Technology had a registered capital of RMB600 million, total assets of RMB1.158 billion and net assets of RMB861 million. In the first half of 2024, it recorded a profit for the period of RMB11 million.

BOC Financial Technology deeply integrated into the Group's comprehensive service system to support the Group's digital financial development. As the comprehensive service base, scenario-based ecosystem construction platform, innovation mechanism and unified output channel of the Group's technology system, BOC Financial Technology devoted great efforts to building a scenario-based ecosystem for corporate treasury products with entirely independent intellectual property rights, thus helping to improve its digital services offering for industrial customers. By empowering the Group's comprehensive operations, BOC Financial Technology boosted the digital financial development of the Group with tailored policy support, including independently developing and continuously optimising end-to-end integrated solutions for IFRS 17, the new accounting standard for insurance contracts. It also conducted pioneering technology research and actively expanded innovative collaborations so as to continuously enhance the market influence of the Group's "finance + technology" brand in technology innovation.

Service Channels

Focusing on customer experience and leveraging digital transformation as a key driver, the Bank accelerated the transformation and upgrading of all service channels, cultivating an ecosystem in which online and offline channels are integrated and financial and non-financial scenarios are seamlessly connected.

Online Channels

Embracing the spirit of digitalised, online, mobile and intelligent channel development, the Bank vigorously expanded its online channels so as to rapidly develop its online businesses. In the first half of 2024, its e-channel transaction volume reached RMB172.55 trillion.

In corporate banking, the Bank upgraded its comprehensive financial services portal for group clients. New functions such as foreign exchange trading and mixed payroll services were successfully launched on the Bank's corporate online banking platform, thus continuously optimising online channel functionality. The Bank upgraded and launched version 5.0 of its domestic corporate mobile banking service, offering multiple versions including standard, cross-border finance and inclusive finance versions, and introducing new functions such as T+1/T+2 foreign exchange settlement, foreign exchange trading, financing recommendations, loan calculators and popular wealth management products. Unveiled at the 135th Canton Fair product launch event, these enhancements continuously improved the efficiency of the Bank's digital financial services.

For personal customers, the Bank continuously upgraded its mobile banking platform. It optimised basic functions and services, launched a national housing provident fund public service section, introduced a safe box leasing reservation function, extended the historical transaction query interval for credit reports, synchronised financial calendars with mobile calendars and upgraded the equities section. The Bank enriched its wealth management services, introducing features such as "Wealth Management Night Fair" and reminders for cooling-off periods in private equity wealth management, and supported the online audio and video recording and multi-dimensional yield display of asset management products. The Bank improved inclusive financial services, optimised the product page user journey for "BOC E-Loan", added an entrusted payment function to the "Intelligent Swift Loan" product, introduced the "Platform E-Loan" product to "BOC Quick Loan", and optimised loan products such as "Farmer Quick Loan", "Tobacco Merchant E-Loan", and "Business E-Loan". It upgraded exclusive customer services and optimised the salary management and personal pension sections of its mobile banking platform. It continuously improved the digital risk control and anti-phishing monitoring capabilities of its online channels, identifying and closing down a total of 54 phishing websites and app download links in the first half of 2024. Its "Cyber Defence" smart risk control and prevention system monitored 4.560 billion online transactions, a year-on-year increase of 6.17%. As at 30 June 2024, the number of registered customers and monthly active customers in mobile banking reached 282.95 million and 89.86 million respectively, making mobile banking the Bank's most active trading channel.

Offline Channels

The Bank continually optimised outlet layout and accelerated the construction of featured outlets. Based on local conditions, it constructed featured outlets focused on technology finance, green finance, inclusive finance, pension finance, etc. It also refined featured outlets' products, services, business models and software/hardware resource allocation so as to enhance the financial service capabilities of its offline channels with regard to the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance. It advanced the construction of smart outlets and expanded the "finance + government affairs" service scenarios of its smart counters to better serve the people's livelihood. It utilised tablet-version smart counters to extend the reach of its financial services, providing door-to-door assistance to residents in remote areas and those with limited mobility, thereby enhancing the convenience and accessibility of financial services. To improve the Bank's payment services, all ATMs are now capable of supporting foreign card cash withdrawals. In addition, small change deposit and withdrawal services have been made available in key locations such as starred hotels, international airports and major commercial areas. The Bank also expanded the service scope of its smart counters for foreign visitors to China, significantly improving the customer experience.

As at 30 June 2024, the Bank's commercial banking institutions in the Chinese mainland (including Head Office, tier-1 branches, direct branches, tier-2 branches and outlets) totalled 10,280. The number of other institutions in the Chinese mainland totalled 665, and the number of its institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions totalled 546.

Fintech Innovation

The Bank continued to advance technological innovation, enhance technological support and promote the in-depth integration of business, technology and data.

Constantly improving technology institutions and mechanisms. The Bank strengthened technology coordination and penetration management and enhanced its Software Centre's business layout of "one headquarters and seven centres". It boosted the integrated development of technology research and development as well as operation and maintenance, reinforced its frontline development, operation and maintenance strengths, enhanced the efficiency of its technology output and improved its capacity to support safe working.

Consolidating scientific and technological support for business development. Following the philosophy of "preventing risks, consolidating foundations and enhancing capabilities", the Bank steadily promoted the construction of 39 technological and strategic projects, making initial progress during the period. It continuously advanced the transformation of its technological architecture, with the number of servers on its cloud platform reaching 29,000. The Bank continually improved its network security capabilities, with no significant network security incidents occurring in the first half of 2024, thus providing strong support for the Group's stable business development. It continued to step up support for work safety and promoted the all-round construction of an intelligent operation and maintenance tool to carry out the functions of "monitor, management, control, configuration and analysis". The Bank did not experience any significant production security errors in the first half of 2024. In the *Information Technology Regulatory Rating*, the Bank achieved a significant promotion and upgrade.

Cultivating drivers for technological innovation. The Bank intensified the application of mature technologies including RPA and OCR, covering over 2,900 scenarios in areas such as channel operations, corporate banking and personal banking. It also promoted the application of privacy computing, internet of things (IoT) and other technologies. Focusing on the three key elements of computing power, algorithms and data, the Bank promoted the pilot application of large models such as Code Assist and carried out preliminary study of quantum-resistant cryptography and quantum computing technologies. It organised an employee competition for new technology applications, promoted the implementation of excellent solutions and achievements, created a strong atmosphere of innovation across the Bank and effectively enhanced its ability to apply new technologies.

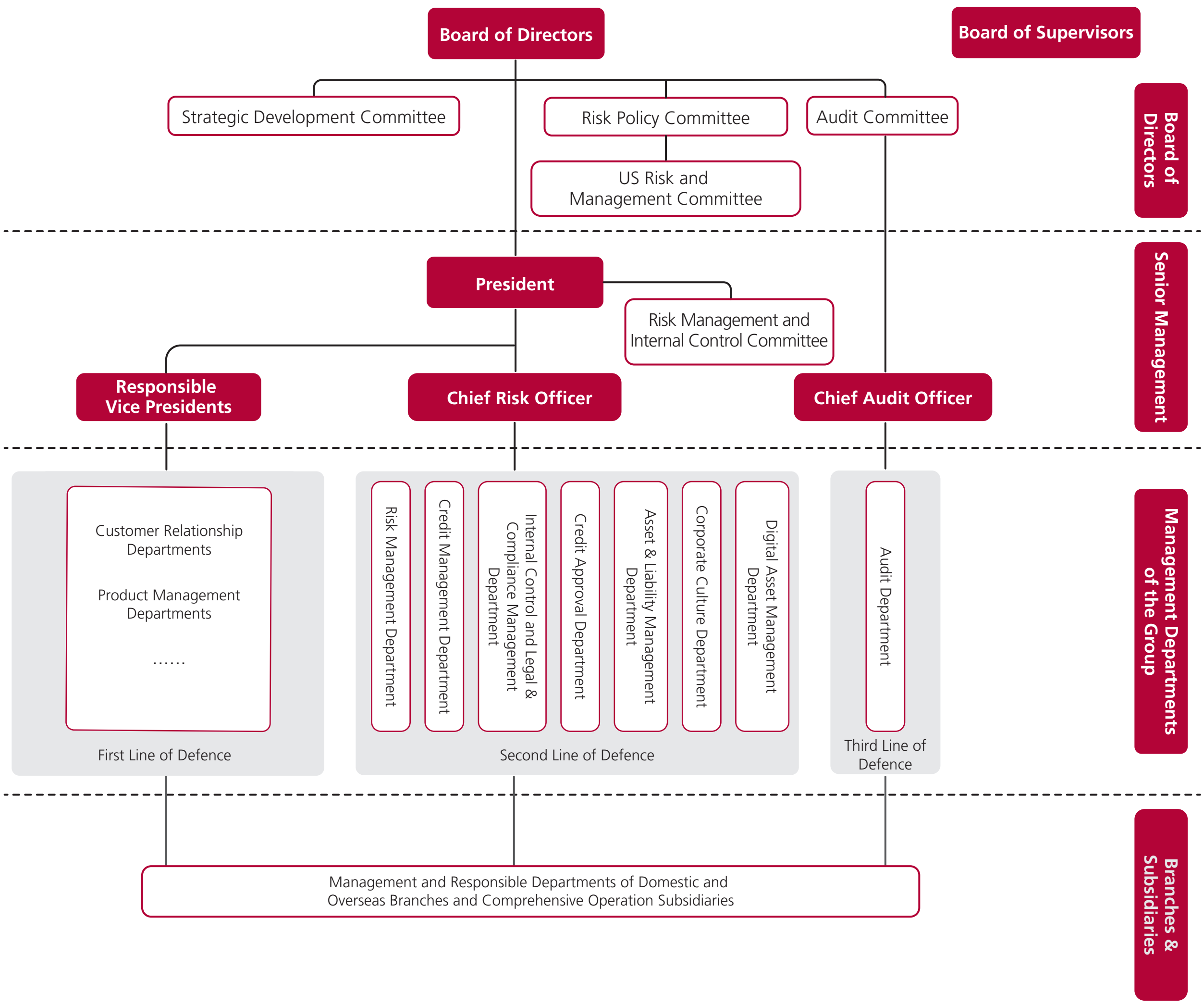
Steadily advancing the construction of the "OASIS Project". The Bank introduced public business capability components such as intensive operation and remote approval functions as well as an intensive operation mode for enterprise-level shared transactions to enhance its business support capabilities. It continuously upgraded the anti-money laundering component to improve its early warning and monitoring capabilities, and gradually improved comprehensive fundamental public capabilities related to marketing, channels, operations, risk control and finance, etc.

Improving product innovation and management quality and efficiency. The Bank launched nine new products with a focus on key areas such as inclusive finance and cross-border finance. It deepened its open competition mechanism, pressed ahead with the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance, and accelerated the transformation from a broad innovation model to a targeted innovation model. The Bank continuously pushed forward "innovation replication campaigns", created the "Innovation Results Supermarket" and promoted excellent achievements in intelligent marketing, intelligent risk control, technology finance and other fields.

Risk Management

The Bank has established a sound and effective organisational structure for risk management that comprises the Board of Directors, the Board of Supervisors, the Senior Management, risk management departments, business departments, and internal audit departments. Adhering to the principles of "proactive, forward-looking, adaptive and applicable", the Bank continued to promote the development of its comprehensive risk management system. It established two closed-loop management mechanisms, one for risk judgment and investigation and another for emergency risk event response, in order to properly address the impact of risk events. The Bank established market-by-market policies for overseas institutions, strengthened the forward-looking management of potential risks faced by overseas institutions, and prevented cross-region, cross-market and cross-border transmission and contagion of risks. It actively mitigated risks in key areas such as real estate and local debt, and firmly defended the bottom line of no occurrence of systemic financial risk. It thoroughly followed the five major regulatory requirements of institutional regulation, conduct regulation, functional regulation, penetrating regulation and continuous regulation, enhanced rectification accountability and steadily advanced the implementation of the *Capital Rules for Commercial Banks* so as to ensure compliant operations. Furthermore, the Bank rolled out risk data governance in an orderly manner and accelerated the digital transformation of risk management. It achieved rapid progress in the development of its intelligent risk control system and enhanced its capabilities in identifying, warning, exposing and disposing of risks at an earlier stage.

The risk management framework of the Bank is set forth below:



Credit Risk Management

Credit risk refers to the risk of loss arising from the failure or unwillingness of a borrower or counterparty to fulfil its debt obligations, including default risk (arising from a borrower's failure to repay its debt when it falls due) and downgrading risk (arising from a deterioration in a borrower's credit quality).

Closely monitoring changes in macroeconomic and financial conditions, the Bank pushed forward the optimisation of its credit structure, improved its credit risk management policies, strengthened credit asset quality management and took a more proactive and forward-looking stance on risk management.

The Bank continuously optimised its credit structure in line with national strategies. Taking full account of the market environment and its business characteristics, the Bank formulated guidelines for credit allocation to different industries and revised its industry policy for credit portfolio management in order to effectively strengthen high-quality financial services for major national strategies, key fields and weak links, with a focus on the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance. It actively developed strategic emerging industries and future-oriented sectors linked to new quality productive forces, promoted the transformation and upgrading of traditional industries, and continued to offer support services for infrastructure construction, rural revitalisation, green and low-carbon development, new urbanisation, regional development, foreign trade and foreign investment, etc.

The Bank strengthened its unified credit granting management and further centralised its comprehensive credit risk management. It continuously improved its long-acting credit management mechanism, optimised its control mechanism for credit concentration risk, and enhanced its "full coverage and penetration" asset quality screening and monitoring system. Furthermore, it improved the screening and monitoring of key risk areas and upgraded the effectiveness of potential risk identification, early warning, recognition and mitigation. The Bank refined supervision and guidance on asset quality control in key regions, and intensified efforts in the guidance, inspection and post-evaluation of its business lines. In addition, it constantly identified, measured and monitored large exposures in line with related large-exposure management requirements.

Balancing growth with stability to support high-quality development in its credit business. In corporate banking, the Bank actively pushed forward the implementation of the coordination mechanism for urban real estate financing to support the steady and healthy development of the real estate market and meet the reasonable financing needs of the real estate industry. In line with the construction of three major project types (building government-subsidised housing, redeveloping urban villages, and building dual-use public infrastructure that can accommodate emergency needs), the Bank advanced the smooth transition of the real estate industry towards new development patterns. It actively implemented a package of measures to forestall and defuse local debt risks as required by the government. In personal banking, the Bank acted in accordance with regulatory requirements and business development needs arising from new situations, and facilitated the steady growth of its personal credit business.

The Bank stepped up efforts to mitigate NPAs, and prevented and resolved financial risks. It adopted the refined management of NPA projects, conducting differentiated strategies and making breakthroughs in key areas so as to improve the quality and efficiency of NPA disposal. The Bank expanded its NPA disposal channels and carried out the securitisation of non-performing bank card and personal credit assets.

Accurately and reasonably assessing credit risk to truthfully reflect the quality of financial assets. In accordance with the requirements of the *Measures for Risk Classification of Financial Assets of Commercial Banks* and subject to the degree of risk, the Bank classifies its financial assets into five categories: pass, special mention, substandard, doubtful and loss, with the last three categories collectively referred to as NPLs. For non-retail assets, risk classification is determined according to the Bank's evaluation of the level of risk involved, based on assessments of the customers' contract performance ability, financial position, willingness to repay and repayment records, financial assets' overdue days, risk mitigation status and the probability of default, among other factors. For retail assets, risk classification is determined by the days overdue method, alongside a comprehensive consideration based on qualitative and quantitative factors such as customers' contract performance ability, the transaction characteristics and guarantee status, etc.

As at 30 June 2024, the Group's NPLs[3] totalled RMB261.267 billion, an increase of RMB8.062 billion compared with the prior year-end. The NPL ratio was 1.24%, a decrease of 0.03 percentage points compared with the prior year-end. The Group's allowance for impairment losses on loans and advances was RMB526.957 billion, an increase of RMB41.659 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 201.69%, an increase of 10.03 percentage points compared with the prior year-end.

3 Total loans and advances to customers in the "Risk Management – Credit Risk Management" section are exclusive of accrued interest.

Five-category Loan Classification

Unit: RMB million, except percentages

Items	As at 30 June 2024		As at 31 December 2023	
	Amount	**% of total**	Amount	% of total
Group				
Pass	**20,525,465**	**97.33%**	19,364,544	97.27%
Special-mention	**302,246**	**1.43%**	290,238	1.46%
Substandard	**62,901**	**0.30%**	67,246	0.34%
Doubtful	**107,566**	**0.51%**	105,261	0.53%
Loss	**90,800**	**0.43%**	80,698	0.40%
Total	**21,088,978**	**100.00%**	19,907,987	100.00%
NPLs	**261,267**	**1.24%**	253,205	1.27%
Chinese mainland				
Pass	**17,574,164**	**97.53%**	16,399,066	97.40%
Special-mention	**232,021**	**1.29%**	230,521	1.37%
Substandard	**45,847**	**0.25%**	39,969	0.24%
Doubtful	**87,919**	**0.49%**	96,171	0.57%
Loss	**78,631**	**0.44%**	71,157	0.42%
Total	**18,018,582**	**100.00%**	16,836,884	100.00%
NPLs	**212,397**	**1.18%**	207,297	1.23%

Migration Ratio

Unit: %

Items	For the six-month period ended 30 June 2024	2023	2022
Pass	**1.25**	1.20	1.03
Special-mention	**26.98**	26.41	20.63
Substandard	**129.47**	47.40	31.80
Doubtful	**70.77**	33.09	10.43

Note: Calculated in accordance with the revised definition of indicators issued by NFRA in 2022. The migration ratios for the six-month period ended 30 June 2024 are annualised.

Distribution of Loans and NPLs by Customers' Industry

Unit: RMB million, except percentages

	As at 30 June 2024				As at 31 December 2023			
Items	Loans	% of total	NPLs	NPL ratio	Loans	% of total	NPLs	NPL ratio
Chinese mainland								
Corporate Loans								
Commerce and services	3,073,755	14.58%	41,675	1.36%	2,755,264	13.84%	41,312	1.50%
Manufacturing	2,562,833	12.15%	32,097	1.25%	2,329,950	11.70%	33,565	1.44%
Transportation, storage and postal services	2,148,372	10.19%	8,800	0.41%	1,976,166	9.93%	8,780	0.44%
Real estate	952,486	4.52%	47,085	4.94%	874,747	4.39%	48,172	5.51%
Production and supply of electricity, heating, gas and water	1,153,102	5.47%	11,688	1.01%	1,046,809	5.26%	12,794	1.22%
Financial services	580,825	2.75%	153	0.03%	660,091	3.32%	161	0.02%
Water conservancy, environment and public utility administration	503,091	2.39%	5,671	1.13%	455,276	2.29%	4,973	1.09%
Construction	500,938	2.37%	5,264	1.05%	397,588	2.00%	4,295	1.08%
Mining	258,212	1.22%	3,065	1.19%	217,551	1.09%	3,080	1.42%
Public utilities	230,788	1.09%	3,321	1.44%	221,595	1.11%	4,260	1.92%
Others	81,503	0.39%	1,280	1.57%	73,193	0.37%	1,559	2.13%
Total	12,045,905	57.12%	160,099	1.33%	11,008,230	55.30%	162,951	1.48%
Personal loans	5,972,677	28.32%	52,298	0.88%	5,828,654	29.27%	44,346	0.76%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	3,070,396	14.56%	48,870	1.59%	3,071,103	15.43%	45,908	1.49%
Total of the Group	21,088,978	100.00%	261,267	1.24%	19,907,987	100.00%	253,205	1.27%

The Bank continued to optimise its credit structure and stepped up efforts to support the real economy. As at 30 June 2024, loans for the manufacturing industry totalled RMB2,562.833 billion, an increase of RMB232.883 billion or 10.00% compared with the prior year-end. Loans for the transportation, storage and postal services industries totalled RMB2,148.372 billion, an increase of RMB172.206 billion or 8.71% compared with the prior year-end. Loans for production and supply of electricity, heating, gas and water totalled RMB1,153.102 billion, an increase of RMB106.293 billion or 10.15% compared with the prior year-end. Loans for water conservancy, environment and public utility administration totalled RMB503.091 billion, an increase of RMB47.815 billion or 10.50% compared with the prior year-end.

In accordance with IFRS 9, the Bank assesses expected credit losses with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified as Stage 1 and assets classified as Stage 2 and Stage 3 according to the expected credit losses over 12 months and the expected credit losses over the entire lifetime of the asset, respectively. As at 30 June 2024, the Group's Stage 1 loans totalled RMB20,340.676 billion, accounting for 96.47% of total loans; Stage 2 loans totalled RMB483.244 billion, accounting for 2.29% of total loans; and Stage 3 loans totalled RMB261.220 billion, accounting for 1.24% of total loans.

In the first half of 2024, the Group's impairment losses on loans and advances was RMB72.684 billion, an increase of RMB10.687 billion year-on-year. The credit cost was 0.71%, an increase of 0.03 percentage points year-on-year. Please refer to Notes III.16 and IV.1 to the Condensed Consolidated Interim Financial Statements for detailed information regarding loan classification, stage determination, credit-impaired loans and allowance for loan impairment losses.

The Bank continued to focus on controlling borrower concentration risk and was in full compliance with regulatory requirements on borrower concentration.

Unit: %

Indicators	Regulatory standard	**As at 30 June 2024**	As at 31 December 2023	As at 31 December 2022
Loan concentration ratio of the largest single borrower	≤10	**2.1**	2.0	2.2
Loan concentration ratio of the ten largest borrowers	≤50	**11.8**	13.0	12.7

Notes:

1 Loan concentration ratio of the largest single borrower = total outstanding loans to the largest single borrower ÷ net capital.

2 Loan concentration ratio of the ten largest borrowers = total outstanding loans to the ten largest borrowers ÷ net capital.

The following table shows the ten largest individual borrowers as at 30 June 2024.

Unit: RMB million, except percentages

	Industry	Related parties or not	Outstanding loans	% of total loans
Customer A	Transportation, storage and postal services	NO	72,948.39	0.35%
Customer B	Financial services	NO	47,456.20	0.23%
Customer C	Transportation, storage and postal services	NO	44,817.91	0.21%
Customer D	Commerce and services	NO	42,500.59	0.20%
Customer E	Transportation, storage and postal services	NO	39,691.93	0.19%
Customer F	Transportation, storage and postal services	NO	39,172.80	0.19%
Customer G	Transportation, storage and postal services	NO	35,172.38	0.17%
Customer H	Manufacturing	NO	32,806.57	0.16%
Customer I	Commerce and services	NO	29,493.65	0.14%
Customer J	Transportation, storage and postal services	NO	29,124.76	0.14%

Market Risk Management

Market risk refers to the risk of loss in a bank's on-balance sheet and off-balance sheet business due to unfavorable changes in market prices (including interest rates, exchange rates, stock prices, and commodity prices).

The Bank actively responded to changes in the market environment, continuously optimised its market risk management system, and steadily controlled market risk. The objective of the Group's market risk management is to effectively manage market risk and improve market risk capital allocation in light of the overall risk appetite determined by the Board of Directors, thus controlling market risk within a reasonable level acceptable to the Bank and achieving a reasonable balance between risk and return.

Continuing to optimise the market risk management system and comprehensively improve the effectiveness of market risk management. The Bank has developed sound market risk management policies and procedures, properly integrated quantitative and qualitative methods, and performed effective identification, measurement, assessment, monitoring, reporting, control and mitigation of market risk. It has established a multi-layered market risk limit system to effectively transfer market risk appetite, actively responded to complex and severe external situations and further strengthened risk research and judgement. Adhering to "bottom line" thinking and worst-case scenario thinking, the Bank intensified its efforts in emergency drills and stress testing. Please refer to Note IV.2 to the Condensed Consolidated Interim Financial Statements for more details of market risk.

Actively implementing regulatory requirements and improving the market risk management efficiency of the trading book. The Bank implemented the *Capital Rules for Commercial Banks* on market risk capital, measured regulatory capital for market risk in accordance with regulatory requirements, and actively promoted the proper allocation of market risk capital. Approaching the implementation of the *Capital Rules for Commercial Banks* as an opportunity, the Bank consolidated the foundations of its data and system management, and further optimised its business processes.

Strengthening professional market research and judgment capabilities and intensifying securities investment risk management. The Bank improved its market risk limit system for bond investment. It bolstered early warning systems for domestic bond market default risks, reinforced the tracking of US treasury bond yield trends, enhanced its post-investment monitoring and early warning capabilities, and consolidated the asset quality of its bond investment business.

Achieving currency matching between fund source and application to improve exchange rate risk management. It controlled its foreign exchange exposure through currency conversion and hedging, thus maintaining its exchange rate risk at a reasonable level.

Management of Interest Rate Risk in the Banking Book

Interest rate risk in the banking book refers to the risk of losses to the economic value and overall earnings of a bank's banking book arising from adverse movements in interest rate levels or term structures. Based on the principles of "matching, comprehensiveness and prudence", the Bank strengthened the management of interest rate risk in the banking book (IRRBB). The Bank's IRRBB management strategy is to control risks within an acceptable level by taking into account factors such as the Bank's risk appetite and risk profile as well as macroeconomic and market conditions, so as to achieve a reasonable balance between risk and return and thus maximise shareholder value.

The Bank closely monitored the changes in the domestic and international economic situations, tracked market fluctuations, conducted risk inspections and stress testing responsively, made timely adjustments to the structure of its assets and liabilities, optimised its internal and external pricing strategy, implemented risk hedging and strengthened branch management, thus controlling the bank's IRRBB at a reasonable level.

Liquidity Risk Management

Liquidity risk refers to the risk that commercial banks cannot timely obtain sufficient funds at reasonable costs to pay due debts, fulfil other payment obligations and meet other funding needs for normal operations. Liquidity risk may arise from the following events or factors: materially adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, debtor default, mismatch between assets and liabilities, difficulties in asset realisation, weakened financing ability, operating losses, and risks associated with the Bank's affiliates.

The Bank endeavoured to develop a sound liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk at the institution and Group level, including that of branches, subsidiaries and business lines, thus ensuring that liquidity demand is met in a timely manner and at a reasonable cost.

The Bank established a sound governance structure of liquidity risk management. The Board of Directors of the Bank shall bear the ultimate responsibilities for liquidity risk management, examine and approve liquidity risk preference and liquidity risk management strategies. The Senior Management shall perform the implementation of the liquidity risk tolerance level, liquidity risk management strategies approved by the Board of Directors and carry out liquidity risk management. The Board of Supervisors shall supervise and evaluate the performance of the Board of Directors and Senior Management in the liquidity risk management. Liquidity risk management departments of the Head Office shall jointly perform the duties of liquidity risk management. Other functional departments of the Head Office and each branch shall cooperate and fulfil their obligations. Each subsidiary shall undertake the duty of their own liquidity management.

The Bank implemented a comprehensive liquidity risk management strategy. Adhering to the principle of appropriate balance of safety, liquidity and profitability, and following regulatory requirements, the Bank improved its liquidity risk management in a forward-looking and scientific manner. It enhanced liquidity risk management at the institution and Group level, including that of branches, subsidiaries and business lines. It formulated sound liquidity risk management policies and contingency plans, periodically re-examined liquidity risk limits, further upgraded the early warning system for liquidity risk, and strengthened the management of high-quality liquid assets in order to strike an appropriate balance between risk and return.

The Bank continually improved its liquidity stress-testing scheme. In addition to performing stress tests on a quarterly basis, stress tests are also carried out in response to changes in the macro environment. The test results indicated that the Bank had adequate payment ability to cope with distressed scenarios.

As at 30 June 2024, the Group's liquidity risk indicator met regulatory requirements. The Group's liquidity ratio and loan-to-deposit ratio of the Bank's domestic operations is shown in the table below (in accordance with the relevant provisions of regulatory authorities in the Chinese mainland):

Unit: %

Ratio		Regulatory standard	**As at 30 June 2024**	As at 31 December 2023	As at 31 December 2022
Liquidity ratio	RMB	≥25	**57.2**	55.0	49.0
	Foreign currency	≥25	**71.8**	70.2	72.6
Loan-to-deposit ratio	RMB and foreign currency		**86.2**	82.7	82.9

Liquidity gap analysis is one of the methods used by the Bank to assess liquidity risk. Liquidity gap results are periodically calculated, monitored and used for sensitivity analysis and stress testing. As at 30 June 2024, the Bank's liquidity gap was as follows (please refer to Note IV.3 to the Condensed Consolidated Interim Financial Statements):

Unit: RMB million

Items	As at 30 June 2024	As at 31 December 2023
Overdue/undated	**2,375,198**	2,382,312
On demand	**(9,560,498)**	(9,249,233)
Up to 1 month	**(458,016)**	(741,082)
1-3 months (inclusive)	**(1,271,111)**	(731,795)
3-12 months (inclusive)	**(364,207)**	(803,353)
1-5 years (inclusive)	**2,910,674**	2,979,417
Over 5 years	**9,146,936**	8,920,549
Total	**2,778,976**	2,756,815

Note: Liquidity gap = assets that mature in a certain period – liabilities that mature in the same period.

For detailed information regarding the liquidity coverage ratio and net stable funding ratio, please refer to the *Bank of China Limited Pillar 3 Disclosure Report for the First Half of 2024*.

Information Technology Risk Management

Information technology (IT) risk refers to the operational, legal, and reputational risks that may be incurred by commercial banks due to factors such as natural disasters, human errors, technical vulnerabilities, and inadequate management practices during the application of information technology.

The Bank incorporated IT risk into its comprehensive risk management system, improved IT risk management measures, and continuously carried out effective identification, measurement, assessment, monitoring, control and reporting of IT risk in order to reduce and control IT risk at an appropriate level. The Bank established a network security operation centre covering the entire Group, and realised all-round protection of all protected objects by relying on a comprehensive and constantly evolving cybersecurity defence system. The Bank implemented data security requirements, and promoted data security technology protection through its lifecycle. The Bank was also one of the first financial institutions to secure a national data security management certification. It continued to strengthen customer information protection and data security risk monitoring. The Bank effectively prevented and controlled external attack events, closely monitored data security risks and actively carried out disposal. In the first half of 2024, no major cybersecurity, data security or customer personal information leakage incidents occurred. The Bank established a comprehensive IT outsourcing risk management system and continued to strengthen the monitoring and effective control of IT outsourcing risks. The Bank conducted IT service continuity and disaster recovery drills, continued to carry out information system disaster recovery construction, refined information system contingency plans, and enhanced the support capability of IT services.

Reputational Risk Management

Reputational risk refers to the risk of negative assessments or comments regarding the Bank being made by stakeholders, the public and/or the media as a result of its institutional behaviour, employee behaviour or external events, which damage its brand, affect its normal operations and/or disrupt market and social stability.

The Bank earnestly implemented regulatory requirements on reputational risk management, and continued to enhance its reputational risk management mechanisms. It pressed ahead with the routine development and whole-process management of reputational risk, so as to enhance its reputational risk management capabilities. Placing great importance on prevention, the Bank intensified risk source control and governance and dealt appropriately with reputational risk events, thus effectively protecting its brand reputation. In addition, it stepped up reputational risk management training so as to enhance employees' risk prevention awareness and foster a strong culture of reputational risk management.

Internal Control and Operational Risk Management

Internal Control

The Board of Directors, Senior Management and their special committees earnestly performed their duties regarding internal control and supervision while emphasising risk warning and prevention, thus improving the Group's level of operational compliance. The Bank continued to adopt the *Basic Standard for Enterprise Internal Control* and its supporting guidelines and implemented the *Guidelines for Internal Control of Commercial Banks* by following the basic principles of "complete coverage, checks and balances, prudence and correspondence", so as to promote internal control governance and an organisational structure characterised by reasonable delegation of work, well-defined responsibilities and clear reporting lines.

The Bank established and implemented the "Three Lines of Defence" mechanism for internal control. The first line of defence consists of business departments and all banking outlets. They are the owners of, and are accountable for risks and controls. They undertake self-directed risk control and management functions in the course of their business operations, including formulating and implementing policies, conducting business examination, reporting control deficiencies and organising rectifications. The internal control and risk management departments of the Bank's institutions at all levels form the second line of defence. They are responsible for the overall planning, implementing, examining and assessment of risk management and internal control, as well as for identifying, measuring, monitoring and controlling risks. They actively organised Bank-wide usage of the Group's operational risk monitoring and analysis platform, and are responsible for handling employee violations and management accountability. Through regular monitoring of material risks, the Bank identified and mitigated risks in a timely manner and promoted the optimisation of its business processes and systems. The third line of defence rests in the audit department of the Bank. The audit department is responsible for performing internal audits of the Bank's internal control and risk management in respect of its adequacy and effectiveness. Adopting a problem-oriented and risk-oriented approach, it made great efforts to improve the foresight of its work. Focusing on the implementation of national policies, regulatory requirements and the Group's strategies, the audit department concentrated its efforts on delivering the "five major tasks" of promoting technology finance, green finance, inclusive finance, pension finance and digital finance, as well as improving the quality and efficiency of its services to the real economy. It closely monitored potential material risks and weak links, promoted the digitalised audit capabilities and research-based audit practices, and carried out audit inspections as scheduled. The audit department attached equal importance to problem discovery and rectification supervision. It conducted independent evaluation of the quality and effectiveness of auditing findings, and the appropriateness and effectiveness of the operation of the Group's rectification mechanism, continuously promoting the application of audit results and the improvement of rectification quality and efficiency. It established and promoted a coordination and connection mechanism, and jointly improved the capabilities of the first and second lines of defence, thereby enhancing the supervisory synergy with other supervisory bodies.

The Bank further improved its mechanism for internal control over case prevention, consolidated the liabilities of primary responsible parties and took multiple control measures. It consistently improved internal control rules, processes and systems, and carried out a special campaign regarding case prevention in high-risk areas, thereby continuously improving its internal control and case prevention management. The Bank also focused on internal control inspection and the rectification of findings, established a notification mechanism for warning and education activities on a regular basis, raised employees' compliance awareness and fostered an internal control compliance culture.

The Bank established a sound financial accounting policy framework. Strictly abiding by the requirements of various accounting laws and regulations, the Bank continued to consolidate its accounting foundations. As such, the level of standardisation and refinement of its financial accounting management was continuously improved. The Bank also insisted on strengthening the quality management of accounting information and further improving basic accounting work, so as to continuously improve the long-term mechanism for basic accounting work.

In the first half of 2024, the Bank successfully prevented 181 external cases involving RMB330.4137 million.

Operational Risk Management

Operational risk refers to the risk of losses resulting from problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic risk and reputational risk.

The Bank promoted the implementation of the *Measures for the Administration of Operational Risk of Banking and Insurance Institutions* in an orderly manner and continuously improved its operational risk management system. It promoted the application of operational risk management tools, including Risk and Control Assessment (RACA), Key Risk Indicators (KRI) and Loss Data Collection (LDC), etc., carried out the identification, assessment and monitoring of operational risks, further standardised its operational risk reporting mechanism, improved its risk management measures, and steadily advanced the implementation of the *Capital Rules for Commercial Banks* for operational risk. The Bank enhanced its IT system support capabilities by optimising its operational risk management information system. It strengthened its business continuity management system, optimised its operating mechanism, enhanced its business continuity management policies, and performed business impact analysis. The Bank also refined contingency plans and carried out business continuity drills, thus improving the Group's business continuity capacity.

Compliance Management

The Bank continuously improved its compliance risk governance mechanism and management process to ensure the Group's sound operation and sustainable development.

Improving its AML and sanctions compliance mechanism to further enhance money laundering and sanctions compliance risk control. The Bank continued to streamline due diligence mechanism, enhanced control of high-risk customers and transactions, and strengthened inspection and supervision; optimised its methods and implementation of money laundering risk assessment; advanced suspicious transaction monitoring procedures and models, and improved monitoring and analysis capabilities; and upgraded AML-related IT systems to enhance the digitalisation level. It continued to develop the long-acting management framework for its overseas institutions' compliance and consolidated management foundations, thus enhancing its compliance management capabilities. The Bank also continued to carry out various forms of compliance training, so as to enhance all employees' compliance awareness and abilities.

Continuously enhancing the management of connected transactions and internal transactions. The Bank implemented regulatory rules on connected transactions, improved its connected transactions management mechanism, strengthened management of connected parties, reinforced data governance of connected transactions and consolidated the foundations of its connected transactions management. It stepped up efforts in the identification, monitoring, disclosure and reporting of connected transactions, standardised the management of internal transactions and strictly controlled transaction risks. It also pushed forward system optimisation and enhanced the automatic management of connected transactions.

Country Risk Management

Country risk refers to the risk arising from political, economic, and social changes and events in a particular country or region that result in the inability or refusal of a debtor in that country or region to repay debts to the Bank, or that inflict losses on the Bank's business in that country or region, or that cause other losses to the Bank. The Bank incorporates country risk management into its comprehensive risk management system in strict accordance with regulatory requirements. The bank manages and controls country risk through a range of management tools, including country risk ratings, country risk limits, country risk statistics and monitoring of country risk exposures.

In the first half of 2024, facing complicated international political and economic situation, the Bank continued to strengthen country risk management in strict accordance with regulatory requirements based on its business development needs. In accordance with the *Rules for Country Risk Management of Banking Institutions* issued by the NFRA, it amended its country risk management policies, re-examined its country risk ratings and limits, and strengthened the monitoring and early warning of limit implementation. It also stepped up efforts in the monitoring and reporting of country risk, conducted stress testing on country risk, and enhanced its country risk management system. As at 30 June 2024, country risk exposures were mainly concentrated in countries and regions with low and relatively low country risk, and the Group's overall country risk was controlled at a reasonable level.

Capital Management

The Bank's capital management objectives are to maintain its capital adequacy ratio at a reasonable level, support the implementation of the Group's strategies, resist various risks including credit risk, market risk and operational risk, ensure the compliance of the Group and related institutions with capital regulatory requirements, promote the Group's transformation towards capital-light business development and improve its capital use efficiency and value creation capabilities.

The Bank implemented its 14th Five-Year Capital Management Plan. Focusing on high-quality development requirements, it continuously improved the level of management, enhanced its economic capital budget and assessment mechanism, strengthened the application of value creation indicators in resource allocation, and heightened the Group's awareness of capital saving and value creation in order to enhance its capability for endogenous capital accumulation. The Bank strengthened refined capital management, expanded the application of advanced approaches of capital measurement, optimised its on- and off-balance sheet asset structure, strived to reduce capital consumption, actively developed capital-light businesses, and reasonably controlled the risk weight of assets. It optimised its internal capital adequacy assessment process and improved its capital management governance structure. The Bank prudently replenished its capital through external financing channels in order to consolidate its capital base. To make preparations for meeting total loss-absorbing capacity (TLAC) regulatory requirements, the Shareholders' Meeting approved a total loss-absorbing capacity non-capital bonds replenishment plan of RMB150.0 billion and the Bank successfully issued RMB40.0 billion of total loss-absorbing capacity non-capital bonds during the period.

In the first half of 2024, the Bank successfully issued RMB120.0 billion of tier 2 capital bonds, and redeemed RMB40.0 billion of undated capital bonds. As at 30 June 2024, the Group's capital adequacy ratio was 18.91%, remaining at a robust and reasonable level in line with the objectives of its 14th Five-Year Plan.

Capital Adequacy Ratios

As at 30 June 2024, the Group's capital adequacy ratios calculated in accordance with the *Capital Rules for Commercial Banks* are listed below:

Unit: RMB million, except percentages

Items	As at 30 June 2024	As at 31 December 2023
Net common equity tier 1 capital	**2,229,811**	2,161,825
Net tier 1 capital	**2,598,358**	2,570,272
Net capital	**3,505,387**	3,297,408
Total risk-weighted assets	**18,539,055**	18,591,278
Common equity tier 1 capital adequacy ratio	**12.03%**	11.63%
Tier 1 capital adequacy ratio	**14.02%**	13.83%
Capital adequacy ratio	**18.91%**	17.74%

The *Capital Rules for Commercial Banks* was implemented from 1 January 2024. The capital ratios as at 31 December 2023 were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* and related regulations. The Group's capital adequacy ratio met the additional regulatory requirements for systemically important banks. Please refer to Note IV.5 to the Condensed Consolidated Interim Financial Statements and the *Bank of China Limited Pillar 3 Disclosure Report for the First Half of 2024* for more detailed information about capital measurement.

Leverage Ratio

As at 30 June 2024, the Group's leverage ratio calculated in accordance with the *Capital Rules for Commercial Banks* is listed below:

Unit: RMB million, except percentages

Items	As at 30 June 2024	As at 31 December 2023
Net tier 1 capital	**2,598,358**	2,570,272
Adjusted on-and off-balance sheet exposures	**35,407,779**	34,785,923
Leverage ratio	**7.34%**	7.39%

The *Capital Rules for Commercial Banks* was implemented from 1 January 2024. The leverage ratio as at 31 December 2023 was calculated in accordance with the former *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised),* the *Capital Rules for Commercial Banks (Provisional)* and related regulations. The Group's leverage ratio met the additional regulatory requirements for systemically important banks. Please refer to the *Bank of China Limited Pillar 3 Disclosure Report for the First Half of 2024* for more detailed information about leverage ratio measurement.

Outlook

In the second half of 2024, the global economy is expected to maintain steady growth, the geopolitical landscape remains complex and severe, and the prospect of interest rate cuts in the United States and Europe will become more evident. China's economy maintains smooth operation, with a steady increase in demand and a sustained growth in the supply-side of the real economy, further consolidating the foundation for economic recovery. Macroeconomic policies will exert more efforts in advance, boosting the development of new-quality productive forces in accordance with local conditions, continuously promoting the effective improvement in quality and reasonable growth in quantity of the economy, and bringing new opportunities for transformation and development in the banking industry.

The bank will take serving the real economy as its mission, preventing and controlling risks as its eternal theme, consolidating and expanding globalised advantages and enhancing global layout capability as its primary task, and improving market competitiveness and serving national strategies as its critical concern. It will proceed with the general tone of seeking progress while maintaining stability, coordinate development and security, firmly take the path of financial development with Chinese characteristics, and constantly create a new landscape for high-quality development of the Bank.

First, the Bank will enhance the quality and effectiveness of financial services for the real economy. The Bank will uphold its responsibilities as a large state-owned bank, optimising fund allocation with a focus on the "five major tasks", and fostering the development of new quality productive forces in accordance with local conditions. It will proactively support investment and consumption expansion, increase credit support for key areas and weak links, and facilitate the active expansion of domestic demand. In addition, the Bank will dedicate itself to serving coordinated regional development, increasing support for national key strategies and regional advantages, and effectively promoting industrial upgrading in key regions.

Second, the Bank will consolidate its advantages in international and globalised operations. The Bank will further strengthen its international and globalised operations and enhance the performance and competitiveness of its overseas institutions. It will serve to accelerate the cultivation of new driving forces for foreign trade, and strengthen all-round comprehensive financial services for "Going Global" enterprises in high-end equipment manufacturing, green energy, etc. The Bank will promote RMB internationalisation in a steady, prudent and robust manner, actively develop the global RMB clearing network, thus expanding its advantages in RMB cross-border clearing business.

Third, the Bank will strengthen its integrated features with enhanced professional capabilities. The Bank will promote collaboration and resource sharing within the Group, and build competitive brand advantages. It will enhance the specialised capabilities of its comprehensive operations, and actively explore and satisfy the demand for integrated financial services in key areas of reforms. The Bank will resolutely implement regulatory requirements, promote the implementation of major projects in accordance with laws and regulations, and achieve healthy and rapid development of comprehensive operations.

Fourth, the Bank will accelerate product and service innovation and digital transformation. The Bank will focus on adapting to market demand and addressing customer pain points by accelerating product innovation and promotion. It will prioritise customer experience and consumer rights protection, thus consolidating its customer base. The Bank will accelerate the construction of intelligent operation and improve service quality and efficiency. It will accelerate the implementation of key information technology projects empowering its operations through technology. In addition, the Bank will deeply explore the value of digital assets and improve data-driven precision marketing and risk prevention and control.

Fifth, the Bank will uphold the risk and compliance "bottom line" through more stringent measures. The Bank will strengthen its bottom-line thinking and worst-case scenario thinking and further enhance the effectiveness of its comprehensive risk management. It will proactively prevent and resolve risks in key areas, accelerate the disposal of non-performing assets and improve asset quality control. The Bank will strengthen its market risk management by actively responding to market changes and refining its forward-looking risk control. It will continuously consolidate the compliance foundation, strengthen internal control and operational risk management and further enhance its management capabilities of anti-money laundering and sanctions compliance. It will strengthen prevention and control in terms of IT risk, reputational risk and other non-traditional risks.

Environmental and Social Responsibilities

Environmental Responsibilities

Governance Structure

The Bank actively conveyed and studied General Secretary Xi Jinping's key speeches and instructions on green development and put forward implementation initiatives. It established and continuously improved the three-tier governance structure, comprising the Board of Directors, Senior Management and a professional team, and continued to enhance its environmental and climate-related governance capabilities. In the first half of 2024, the Board of Directors and its Strategic Development Committee reviewed and approved the *Report on Green Finance Development for 2023 and Work Plan for 2024* and the *14th Five-Year Plan for Green Finance (Revised in 2024)*, while the Board and its Corporate Culture and Consumer Protection Committee reviewed and approved the *2023 Corporate Social Responsibility Report (Environmental, Social and Governance)*. The Senior Management studied and publicised regulatory requirements for the vigorous development of the "five major tasks", so as to drive tangible achievements in green finance. It also issued the *Charter of the Green Finance Committee (2024 Edition)* to optimise the responsibilities and working mechanisms of the Green Finance Committee. The professional team carried out the Group's green finance work, making solid efforts to advance green finance development. The Bank incorporated indicators related to the dual carbon goals of "peak carbon emissions and carbon neutrality" into the performance assessment of senior management members, linking assessment results to remuneration.

Policy System

The Bank continually enhanced its "1+1+N" green finance policy system, consisting of a green finance plan, an action plan and specific policies to contribute to the national goal of "peak carbon emissions and carbon neutrality". To date, the Bank has developed a policy support package covering 13 areas, including performance assessment and incentive reinforcement, optimisation of economic capital cost management, differentiation of related authorities, and allocation of staff costs, thereby establishing a multi-pillar framework for its green finance policy system. In the first half of 2024, focusing on green development, the Bank published the *Green Finance Action Plan* and *2024 Work Plan for Green Finance*, putting forward dozens of detailed implementation initiatives. It also enacted the *Industry Guidelines on Credit Granting of Bank of China Limited (2024)* and the *Plan for the Management of Industrial Asset Portfolios of Bank of China Limited (2024)*, which define industries such as wind power, new energy storage, ecological protection, environmental treatment and other green and low-carbon industries as positive growth industries, and improve supporting policies to channel more credit into these industries. Moreover, the Bank developed or revised credit granting policies for industries undergoing green and low-carbon transformation, such as nuclear power generation, power supply and thermal power generation, providing business development guidance in terms of customer and project access standards, risk identification and prevention, and credit management strategies.

Customer Environmental (Climate), Social and Governance (ESG) Risk Management

The Bank prioritised the prevention of customer ESG risk in its pursuit of green finance implementation and development. It intensified the standardisation and management of customer ESG risks in terms of risk identification, measurement, assessment, monitoring and reporting, and control and mitigation.

The Bank has implemented the *Management Policy on Environmental (Climate), Social, and Governance Risks Associated with Customers of Bank of China.* Focusing on corporate banking (including working capital loans and project financing) and other businesses, this policy covers the entire business cycle, encompassing risk identification and classification, due diligence, business approval, contract management, fund distribution, post-lending management and post-investment management, driving the Bank to continuously improve customer ESG risk management.

The Bank proactively implemented relevant national policies and signatory agreements, embedding binding requirements for customer environmental and social risk management in over 90 industry credit policies, covering such industries as agriculture, forestry, animal husbandry and fishery, mining and metallurgy, oil, gas and chemicals, construction and real estate, and transportation and logistics. It also specified requirements for biodiversity protection in credit policies for key industries such as wind power generation, pumped-storage hydropower and coal.

The Bank actively advanced climate risk stress testing and completed the identification and assessment of environmental climate risks under the internal capital adequacy assessment process (ICAAP) in the first half of 2024. The results of the Bank's climate risk stress testing were applied to the assessment, which showed that the risks were overall controllable. The BOC London Branch and Bank of China (UK) added a climate risk appetite to their risk appetite statements, setting quantitative and qualitative indicators and limits for risk categories that are significantly affected by climate change. The Sydney Branch and Bank of China (Australia) completed annual climate risk stress testing for 2023 in accordance with local regulatory requirements and applied the results in a number of areas, including policy development, limit assessment, portfolio management, and ICAAP.

The Bank regularly reviewed green credit data, intensified communication with stakeholders, and established a mechanism for thorough, timely and effective communication with government departments, environmental protection organisations, community groups, media and investors.

Objectives and Indicators

In support of the national goal of "peak carbon emissions and carbon neutrality", and in line with the guiding principles of the Central Financial Work Conference, the Bank reviewed its 14th Five-Year Plan and green finance action plan based on market and business developments and set more proactive and ambitious objectives for green finance development. Select highlights are listed below:

Objectives during the 14th Five-Year Plan period	Completion progress in the first half of 2024
Providing additional credit support of no less than RMB3 trillion for green industries	As at 30 June 2024, the balance of domestic green credit was RMB3,665.903 billion, up by RMB559.225 billion from the beginning of the year, and up by RMB2,769.105 billion from the end of the 13th Five-Year Plan period.
Achieving year-on-year increases in the balance of green credit of the Bank's domestic operations	Year-on-year increase reached 39.77%.
Striving for market leadership in green bond underwriting Achieving year-on-year increases in green bond investment scale	In the first half of 2024, the scale of domestic green bond underwriting was RMB98.370 billion, ranking first among Chinese peers. The scale of overseas green bond underwriting was USD9.177 billion, placing first among Chinese peers in Bloomberg's "Global Offshore Green Bonds" ranking. The Bank also ranked first in the National Association of Financial Market Institutional Investors (NAFMII)'s "List of Investors in Green Debt Financing Instruments".
Continually reducing the proportion of corporate loans to carbon-intensive industries[4]	The proportion of corporate loans in carbon-intensive industry fell from the beginning of the year.
Ceasing to provide financing for new coal mining and coal power projects outside the Chinese mainland from the fourth quarter of 2021, except where financing agreements have already been signed	From 2021Q4 to 30 June 2024, no financing has been provided for new coal mining and coal power projects outside the Chinese mainland.

4 Based on the standards for "high-carbon industries" by the NFRA.

The Bank's "BOC Green+" financial product and service system covers deposits, loans, bonds, retail consumption and comprehensive services, etc., meeting customer demand for a diverse range of green financial products and services. For details of the Bank's green product performance, please see the "Management Discussion and Analysis – Business Review – Green Finance" section of this report.

The Bank supported the transformation and upgrading of high-carbon industries. It utilised carbon accounting methodologies suitable for its asset portfolios, completing pilot accounting of the carbon footprints of asset portfolios in major carbon-intensive industries. As at 30 June 2024, the balance of loans to high-carbon industries in the Bank's domestic corporate banking business accounted for less than 10% of the total loan balance.

Green Operations

The Bank continued to uphold the concept of green development and deepened its commitment to green operations. It actively fulfilled its social responsibility and explored pathways and methods to achieve carbon neutrality. Four of its landmark buildings – Head Office, BOC Hong Kong, Shanghai Branch and Suzhou Branch – took the lead in obtaining "carbon neutral" certificates issued by authoritative organisations. The Bank promoted various energy-saving, emission reduction and carbon reduction measures across its operations, investing funds to support the upgrading and renovation of energy-saving equipment, the renewal of new energy vehicles and the reduction of food waste and waste disposal, etc., achieving remarkable progress in reducing the use of oil, water, electricity and paper. It also promoted green construction at the outlet level, establishing 33 featured outlets for green construction. It strengthened the fostering of a green culture by organising various publicity activities to guide employees in practising green office habits conducive to energy conservation and carbon reduction.

Social Responsibilities

Consolidating and Expanding Achievements in Poverty Alleviation

Fully leveraging its industry advantages, the Bank comprehensively promoted rural revitalisation and vigorously supported the four counties of Yongshou, Changwu, Xunyi and Chunhua in Xianyang City, Shaanxi Province (the "four counties in Xianyang") in consolidating and expanding their achievements in poverty alleviation. In the first half of 2024, the Bank invested over RMB37 million in anti-poverty grant funding to the four counties in Xianyang; launched more than 30 assistance projects related to industry, education, healthcare and safe drinking water; provided 17 thousand training sessions to primary-level officials, rural revitalisation leaders, and professionals and technical personnel from the four counties, and purchased and sold RMB92 million worth of agricultural products from poverty-stricken areas nationwide. Seizing opportunities to support major exhibitions and conferences, the Bank set up the "Bank of China Paired Assistance Exhibition Section" at the 4th China International Consumer Products Expo. This showcased featured agricultural products from areas receiving paired assistance, and launched a live-stream shopping channel for selected agricultural products, boosting sales and enhancing brand visibility.

Promoting Rural Revitalisation in All Aspects

Following China's rural revitalisation strategy, the Bank worked diligently to accelerate the country's transformation into an agricultural powerhouse, to expedite the modernisation of agriculture and rural areas, and advance comprehensive rural revitalisation through high-quality financial services. It remained committed to enhancing financial services to guarantee the security of grain and other important agricultural products, while bolstering credit support for agricultural and rural infrastructure development. Focusing on agricultural sectors with local characteristics, the Bank constantly explored new financial service modes and improved the quality and efficiency of its financial services to support comprehensive rural revitalisation. As at 30 June 2024, its balance of agriculture-related loans amounted to RMB2.28 trillion, while inclusive agriculture-related loans reached RMB441.4 billion. The Bank's outlets covered 1,213 counties (not including municipal districts above prefecture level), including 1,013 outlets dedicated to rural revitalisation. BOC Fullerton Community Bank boasted 134 village and township banks, operating in county-level rural areas across 22 provinces and municipalities nationwide, making it the largest domestic rural bank group in terms of the total number of institutions.

Fully Supporting Public Welfare

The Bank leveraged its global reach and comprehensive capabilities to promote public welfare initiatives across a range of sectors, including science and technology, education and culture. It facilitated public welfare donations, developed public welfare and charity platforms, and encouraged employee engagement in public welfare volunteer activities. In collaboration with the Chinese Academy of Sciences, the Bank continued to support the "Tan Kah Kee Science Award Foundation", which has recognised and fostered original scientific and technological achievements and talents for over two decades. Since co-founding the "Bank of China Helping Hands Club – Spring Bud Project" with the China Children and Teenagers' Fund in 2014, the Bank has continuously supported the Spring Bud Project for ten consecutive years, raising a total of over RMB16 million in donations from customers and employees to support more than 4,500 girls. Furthermore, the Bank continued to grant government-sponsored student loans, exempting interest and allowing for deferred repayment of principal. As at 30 June 2024, the Bank had granted a cumulative total of RMB26,797 million in government-sponsored student loans, supporting over 1.9 million students from financially disadvantaged families to complete their studies. Meanwhile, the Bank played a positive role in fostering cultural exchanges between China and other countries. It provided support to the German Burg Chinese Chorus, which had become a shining symbol of Sino-German friendship. Since its establishment in 2014, the chorus has performed at numerous high-profile diplomatic events between China and Germany, significantly advancing people-to-people and cultural exchange between the two countries. In the first half of 2024, the Bank of China Philanthropy platform engaged with 15 social organisations, launched 41 online charitable donation activities and raised nearly RMB9.5 million from 405.8 thousand individual donations.

Improving the Quality and Efficiency of Inclusive Finance Services

In line with its philosophy of "providing timely assistance and serving the people's livelihood", the Bank remained at the forefront of high-quality inclusive finance, targeting weak links in key areas and continuously enhancing the quality and efficiency of financial services for micro and small-sized enterprises. It boosted financial support for "specialised, refined, featured and innovative" enterprises throughout their life cycles, promoted financial services related to intellectual property rights (IPR), and supported the development of China's new quality productive forces. To align with the employment-first policy, the Bank expanded its long-term financial assistance programme to stabilise and expand employment. In the first half of 2024, the Bank provided over RMB190 billion in special loans for employment stabilisation and expansion to more than 40 thousand micro and small-sized enterprises. This initiative helped stabilise employment and ensure public wellbeing. Furthermore, the Bank enhanced its services for specific customer groups, including self-employed individuals and new urban residents. It offered tailored solutions and credit support for merchants engaged in the sale of "famous-brand, special, excellent and new products", thereby addressing the diverse financial needs of its customers. As at 30 June 2024, the balance of inclusive loans to micro and small-sized enterprises totalled RMB2.09 trillion, up 35% year-on-year. The related customer base expanded to over 1.30 million, an increase of 45% year-on-year.

Vigorously Protecting Rights and Interests of Financial Consumers

Being customer-centric, the Bank continued to optimise internal business procedures to enhance the quality and efficiency of consumer protection and improve customer experience and satisfaction. It streamlined its complaints acceptance and handling channels to proactively and appropriately resolve various consumer concerns, thus building a harmonious and healthy environment for financial consumption. In the first half of 2024, the Bank stepped up efforts to manage complaints, successfully addressing 100% of 137 thousand customer complaints made across the Bank. It carried out various education and publicity campaigns, including 23 thousand financial literacy activities during the "3•15" campaign, which attracted over 368 million interactions. These efforts helped enhance consumers' understanding of financial products and services and raised awareness about risk responsibilities, leading to improved financial literacy and a greater sense of gain and happiness.

Proactively implementing regulatory policies. In line with the financial industry's unique characteristics, the Bank studied and analysed the impact of the *Regulation on the Implementation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and formulated an implementation plan. It advanced four specific requirements: strengthening guidance and training for employees, re-examining and revising relevant policies in a timely manner, optimising various links in the business process, and strengthening communication with regulatory authorities. These concrete actions aimed to enhance the Bank's ability to protect consumers' rights and interests.

Making the rights and interests of financial consumers its top priority. The Bank developed and maintained a sustainable ecosystem that is trusted by the general consumers. In terms of customer service, the Bank pursued the coordinated development of online and offline channels, enriched its product suites and service scenarios, and provided a warm and diligent service to special customer groups. To improve sales compliance, the Bank strictly implemented the "Three Appropriateness" requirement for financial products, sales channels and targeted customers and enhanced information disclosure. Focusing on key risk areas, the Bank strengthened risk prevention and control by upgrading the entire workflow system chain for before, during and after risk events, and promoting the digital and intelligent transformation of consumer protection. The Bank resolved complaints according to the principle of addressing both symptoms and root causes. It made targeted improvements to the quality and efficiency of its complaint management, focusing on key aspects such as the number of complaints, handling compliance, and the implementation of diversified resolution mechanisms. It also further strengthened complaint tracing and rectification and enhanced the dispute resolution capacity of its outlets.

Conducting diverse financial literacy campaigns. Adhering to a "people-centred" approach, the Bank took practical actions to fulfil its primary responsibility for financial education, aiming to enhance consumers' financial literacy and security awareness and thereby create a harmonious and healthy financial environment. In the first half of 2024, the Bank actively organised and participated in multi-channel and multi-format financial education campaigns at different levels, including centralised education and publicity activities such as the "3•15" consumer rights protection and "Popularising Financial Knowledge" campaigns. These campaigns attracted a wider range of consumers by integrating with traditional festivals and cultural performances, hosting knowledge competitions and other special activities, and utilising original animations and videos. As a result, they not only promoted financial knowledge but also further enhanced the Bank's brand reputation for consumer protection. The Bank also carry out regular education and publicity campaigns by establishing a special library for consumer protection case studies and held creative contests in order to provide constantly refreshed content in the featured financial education sections of its various channels. Focusing on key groups such as the elderly, people with disabilities, young people, new urban residents and rural population, the Bank promoted financial education in rural areas, communities, schools, enterprises and commercial districts. It strived to combine the dissemination of financial knowledge with the creation of public benefit, thus enhancing the value and warmth of the Bank's consumer protection efforts.

Improving the protection of customer information. The Bank continuously improved its policies for protecting consumers' personal information and developed and optimised its policy-based management system. It strengthened management of the whole life cycle of personal customer information, based on full coverage across personnel, systems, positions, processes, institutions and emergency management. It regularised the personal information protection impact assessments (PIPIA) and strengthened pre-event control of information processing in key scenarios. It organised regular emergency drills for personal customer information security incidents to enhance its emergency response capabilities. It also conducted regular inspections of personal customer information security risks, aiming for improvement and more stringent accountability.

Intensifying Efforts in Anti-Corruption and Building a Clean Bank

In the first half of 2024, the Bank continued to strengthen mechanisms for full and strict Party self-governance, maintaining a firm anti-corruption stance. It established and improved a system of checks and balances, carried out supervision, and took steps to ensure that officials "dare not, cannot and will not" be corrupt. Deepening the fight against corruption, it resolutely dispelled the notion that financial professionals are an "exceptional, elite and special" group, intensified efforts to investigate and punish violations of laws and breaches of discipline, and made coordinated efforts to promote anti-corruption and risk prevention and control in the financial sector. The Bank worked tirelessly to combat formalism, bureaucratism, hedonism and extravagance, fostered new practices, made consistent and sustained efforts to improve conduct, and guided all cadres and staff to address misconduct, practice frugality and thrift, and promote clean and healthy customs and practices. To strengthen discipline, the Bank produced a series of educational films such as *Anti-Corruption in Progress* and *Heavy "Loan" Prices* to raise awareness. It also compiled and distributed the *Awareness Education Reader*, using familiar examples to promote awareness and education and guide employees to be respectful, cautious, and focused on the bottom line.

The Bank attached great importance to promoting integrity building and anti-corruption in its overseas institutions, in line with its priority of providing high-quality services to support the national strategy of high-level opening up. It continuously improved its internal control and supervision system, strengthened integrity education, and intensified supervision and inspection efforts. These measures ensured strict and comprehensive management of its overseas institutions, fostering an atmosphere of clean and compliant operations across the Bank's global footprint.

Changes in Shares and Shareholdings of Shareholders

Ordinary Shares

Changes in Ordinary Shares

Unit: Share

		As at 1 January 2024		Increase/decrease during the reporting period					As at 30 June 2024	
		Number of shares	Percentage	Issuance of new shares	Bonus shares	Shares transferred from surplus reserve	Others	Subtotal	Number of shares	Percentage
I.	Shares subject to selling restrictions	–	–	–	–	–	–	–	–	–
II.	Shares not subject to selling restrictions	294,387,791,241	100.00%	–	–	–	–	–	294,387,791,241	100.00%
	1. RMB-denominated ordinary shares	210,765,514,846	71.59%	–	–	–	–	–	210,765,514,846	71.59%
	2. Overseas listed foreign shares	83,622,276,395	28.41%	–	–	–	–	–	83,622,276,395	28.41%
III.	Total ordinary shares	294,387,791,241	100.00%	–	–	–	–	–	294,387,791,241	100.00%

Notes:

1 As at 30 June 2024, the Bank had issued a total of 294,387,791,241 ordinary shares, including 210,765,514,846 A Shares and 83,622,276,395 H Shares.

2 As at 30 June 2024, none of the Bank's A Shares and H Shares were subject to selling restrictions.

Number of Ordinary Shareholders and Shareholdings

The number of ordinary shareholders as at 30 June 2024 was 588,043, including 421,595 A-Share Holders and 166,448 H-Share Holders.

The top ten ordinary shareholders as at 30 June 2024 are set forth below:

Unit: Share

No.	Name of ordinary shareholder	Increase/ decrease during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total ordinary shares	Number of shares subject to selling restrictions	Number of shares pledged, labelled or frozen	Type of shareholder	Type of ordinary shares
1	Central Huijin Investment Ltd.	–	188,791,906,533	64.13%	–	None	State	A
2	HKSCC Nominees Limited	28,779,194	81,769,959,608	27.78%	–	Unknown	Foreign legal person	H
3	China Securities Finance Co., Ltd.	–	7,941,164,885	2.70%	–	None	State-owned legal person	A
4	Central Huijin Asset Management Ltd.	–	1,810,024,500	0.61%	–	None	State-owned legal person	A
5	HKSCC Limited	279,536,794	1,769,886,611	0.60%	–	None	Foreign legal person	A
6	MUFG Bank, Ltd.	–	520,357,200	0.18%	–	Unknown	Foreign legal person	H
7	Industrial and Commercial Bank of China – SSE 50 Exchange Traded Open-End Index Securities Investment Funds	81,355,420	338,291,420	0.11%	–	None	Other	A
8	China Pacific Life Insurance Co., Ltd. – China Pacific Life Insurance Dividend Equity Portfolio (Traditional) with management of Changjiang Pension Insurance Co., Ltd.	–	333,000,000	0.11%	–	None	Other	A
9	Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 ETF	91,535,300	248,586,069	0.08%	–	None	Other	A
10	China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Open-End Index Seed Securities Investment Fund	111,145,986	165,574,234	0.06%	–	None	Other	A

Notes:

1 The number of shares held by H-Share Holders was recorded in the register of members kept at the H-Share Registrar of the Bank.

2 The number of shares held by HKSCC Nominees Limited is the aggregate number of the Bank's H Shares it held as the nominee for all the institutional and individual investors that maintained accounts with it as at 30 June 2024.

3 Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd.

4 The number of shares held by HKSCC Limited is the aggregate number of the Bank's A Shares it held as a nominee holder who holds securities on behalf of others, including the number of SSE-listed securities acquired by Hong Kong SAR and overseas investors through Shanghai-Hong Kong Stock Connect.

5 Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned ordinary shareholders.

6 On 11 October 2023, the Bank was informed by Central Huijin Investment Ltd., the controlling shareholder of the Bank, that Central Huijin Investment Ltd. had increased its shareholding in the Bank on the same day through the trading system of the SSE and intended to continue to increase its shareholding in the Bank over the following six months. As of 10 April 2024, Central Huijin Investment Ltd. had cumulatively increased its holding of the Bank's A Shares by 330,372,926 shares, and held a total of 188,791,906,533 A Shares of the Bank.

The top ten shareholders' lending of shares through participation in refinancing business as at 30 June 2024 are set forth below:

Unit: Share

	Shares held in ordinary securities account and credit securities account at the beginning of the reporting period		Shares lent and unreturned through refinancing business at the beginning of the reporting period		Shares held in ordinary securities account and credit securities account at the end of the reporting period		Shares lent and unreturned through refinancing business at the end of the reporting period	
Name of shareholder	Aggregate number	Percentage of total issued ordinary shares	Aggregate number	Percentage of total issued ordinary shares	Aggregate number	Percentage of total issued ordinary shares	Aggregate number	Percentage of total issued ordinary shares
Industrial and Commercial Bank of China – SSE 50 Exchange Traded Open-End Index Securities Investment Funds	256,936,000	0.09%	1,694,600	0.0006%	338,291,420	0.11%	–	–
Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 ETF	157,050,769	0.05%	150,400	0.0001%	248,586,069	0.08%	–	–
China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Open-End Index Seed Securities Investment Fund	54,428,248	0.02%	4,698,600	0.0016%	165,574,234	0.06%	–	–

Changes in top ten shareholders compared to the last reporting period as at 30 June 2024 are set forth below:

Unit: Share

Name of shareholder	Entry/exit during the reporting period	Shares lent and unreturned through refinancing business at the end of the reporting period		Shares held in ordinary securities account, credit securities account and shares lent and unreturned through refinancing business at the end of the reporting period	
		Aggregate number	Percentage of total issued ordinary shares	Aggregate number	Percentage of total issued ordinary shares
China Construction Bank Corporation – E Fund CSI 300 Exchange Traded Open-End Index Seed Securities Investment Fund	Entry	–	–	165,574,234	0.06%
Abu Dhabi Investment Authority	Exit	–	–	128,833,617	0.04%

Note: The Bank is not aware of any participation by relevant H-Share Holders in any margin trading, short selling or refinancing business.

Interests and Short Positions Held by Substantial Shareholders and Other Persons

The register maintained by the Bank under Section 336 of the SFO recorded that, as at 30 June 2024, the shareholders indicated in the following table held interests or short positions in shares of the Bank (as defined in the SFO):

Name of shareholder	Capacity (types of interest)	Number of shares held/Number of underlying shares (unit: share)	Type of shares	Percentage of total issued A Shares	Percentage of total issued H Shares	Percentage of total issued ordinary shares
Central Huijin Investment Ltd.	Beneficial owner	188,791,906,533	A	89.57%	–	64.13%
	Interest of controlled corporations	1,810,024,500	A	0.86%	–	0.61%
	Total	190,601,931,033	A	90.43%	–	64.74%
BlackRock, Inc.	Interest of controlled corporations	4,740,662,257	H	–	5.67%	1.61%
		63,935,000(S)	H	–	0.08%	0.02%
CITIC Securities Company Limited	Interest of controlled corporations	665,156,352	H	–	0.80%	0.23%
		369,000(S)	H	–	0.00044%	0.00013%
	Trustee	6,050,387,000	H	–	7.24%	2.06%
	Beneficial owner	28,789,000	H	–	0.034%	0.0098%
	Total	6,744,332,352	H	–	8.07%	2.29%
		369,000(S)	H	–	0.00044%	0.00013%
CITIC Securities Asset Management Company Limited	Trustee	5,890,062,000	H	–	7.04%	2.00%
CITIC Securities Asset Management – No.3 Single Asset Management Plan	Other	5,909,466,000	H	–	7.07%	2.01%
China CITIC Financial Asset Management Co., Ltd.	Interest of controlled corporations	10,505,701,000	H	–	12.56%	3.57%
China CITIC Financial AMC International Holdings Limited	Beneficial owner	10,505,701,000	H	–	12.56%	3.57%

Notes:

1 BlackRock, Inc. held a long position of 4,740,662,257 H Shares and a short position of 63,935,000 H Shares of the Bank through BlackRock Financial Management, Inc. and other corporations controlled by it. In the short position of 63,935,000 H Shares, 29,025,000 H Shares were held through derivatives.

2 CITIC Securities Company Limited held, through its controlled corporations including but not limited to CITIC Securities Asset Management Company Limited and CITIC Securities International Company Limited, a long position of 6,744,332,352 H Shares and a short position of 369,000 H Shares of the Bank. In the long position of 6,744,332,352 H Shares, 665,305,379 H Shares were held through derivatives. The entire short position of 369,000 H Shares was held through derivatives.

3 CITIC Securities Asset Management Company Limited is a wholly-owned subsidiary of CITIC Securities Company Limited. CITIC Securities Asset Management Company Limited, through all the asset management plans it manages including CITIC Securities Asset Management – No.3 Single Asset Management Plan, held a long position of 5,890,062,000 H Shares of the Bank.

4 CITIC Securities Asset Management Company Limited is the manager of CITIC Securities Asset Management – No.3 Single Asset Management Plan.

5 China CITIC Financial Asset Management Co., Ltd. held, through its controlled corporation China CITIC Financial AMC International Holdings Limited, a long position of 10,505,701,000 H Shares of the Bank.

6 (S) denotes short position.

7 Unless stated otherwise, all interests stated above represented long positions. Save as disclosed above, as at 30 June 2024, no other interests (including derivative interests) or short positions were recorded in the register maintained by the Bank under section 336 of the SFO.

8 The register maintained by the Bank under Section 336 of the SFO contains information which is self-reported by the relevant shareholders or other persons, and the Bank is not required by the relevant ordinance to conduct any independent investigation.

Preference Shares

Number of Preference Shareholders and Shareholdings

The number of preference shareholders as at 30 June 2024 was 86, including 85 domestic preference shareholders and 1 offshore preference shareholder.

The top ten preference shareholders as at 30 June 2024 are set forth below:

Unit: Share

No.	Name of preference shareholder	Increase/ decrease during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
1	Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	–	200,000,000	16.70%	None	Other	Domestic Preference Shares
2	The Bank of New York Mellon Corporation	–	197,865,300	16.52%	Unknown	Foreign legal person	Offshore Preference Shares
3	CCB Trust Co., Ltd. – CCB Trust – Jian Yue Chang Hong No.1 Single Fund Trust	87,000,000	87,000,000	7.26%	None	Other	Domestic Preference Shares
4	China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.2 Collective Capital Trust Fund	73,383,300	73,383,300	6.13%	None	Other	Domestic Preference Shares
5	China Life Insurance Company Limited – Traditional – General Insurance Product – 005L – CT001SH	–	70,000,000	5.84%	None	Other	Domestic Preference Shares
6	China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.22 Collective Capital Trust Fund	34,358,700	34,358,700	2.87%	None	Other	Domestic Preference Shares
7	Shanghai Tobacco Group Co., Ltd.	–	30,000,000	2.50%	None	State-owned legal person	Domestic Preference Shares
7	Ping An Life Insurance Company of China – Universal – Individual Universal Insurance	–	30,000,000	2.50%	None	Other	Domestic Preference Shares
9	China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.31 Collective Capital Trust Fund	28,000,000	28,000,000	2.34%	None	Other	Domestic Preference Shares
10	China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.12 Collective Capital Trust Fund	25,758,000	25,758,000	2.15%	None	Other	Domestic Preference Shares

Notes:

1 The Bank of New York Mellon Corporation, acting as the custodian for all the offshore preference shareholders that maintained accounts with Euroclear and Clearstream as at 30 June 2024, held 197,865,300 Offshore Preference Shares, representing 100% of the Offshore Preference Shares.

2 China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.2 Collective Capital Trust Fund, China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.22 Collective Capital Trust Fund, China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.31 Collective Capital Trust Fund and China Credit Trust Co., Ltd. – China Credit Trust – Baofu No.12 Collective Capital Trust Fund are managed by China Credit Trust Co., Ltd.

3 Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders, or among the aforementioned preference shareholders and the Bank's top ten ordinary shareholders.

Exercising Redemption Rights of Preference Shares

During the reporting period, there was no redemption of the preference shares of the Bank.

Other Information regarding Preference Shares

During the reporting period, there was no conversion into ordinary shares or voting rights recovery in respect of the preference shares of the Bank.

Preference shares issued by the Bank 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 entity. Preference shares issued are non-derivative instruments that will be settled in the entity's own equity instruments, but include no contractual obligation for the entity to deliver a variable number of its own equity instruments. The Bank classifies preference shares issued as an equity instrument. Fees, commissions and other transaction costs arising from preference shares issuance are deducted from equity. The dividends on preference shares are recognised as profit distribution at the time of declaration.

The funds raised from the issuance of preference shares have been fully used to replenish the Bank's additional tier 1 capital and increase its capital adequacy ratio.

Pursuant to the relevant terms of the Prospectus, the dividend rates of the Domestic Preference Shares (Third Tranche and Fourth Tranche) shall be adjusted at different intervals. The dividend rate shall be the benchmark interest rate and the fixed interest margin. The dividend adjustment interval is set, with the same dividend rate for the first five years, and the benchmark interest rate resetting every five years. The dividend rate remains unchanged during each adjustment interval, and the fixed interest margin shall be equal to the spread between the dividend rate and the benchmark rate at the time of issuance, which will remain unchanged. The first five-year dividend rate adjustment intervals of the Domestic Preference Shares (Third Tranche and Fourth Tranche) have expired in June 2024 and August 2024, respectively. The Bank has reset their dividend rates. For details, please refer to the related announcements published on the websites of the SSE, the HKEX and the Bank.

Directors, Supervisors, Senior Management Members and Staff

Directors, Supervisors and Senior Management Members

Directors

Name	Position	Name	Position
GE Haijiao	Chairman	LOU Xiaohui	Non-executive Director
LIN Jingzhen	Executive Director and Executive Vice President	Martin Cheung Kong LIAO	Independent Director
ZHANG Yong	Non-executive Director	CHUI Sai Peng Jose	Independent Director
ZHANG Jiangang	Non-executive Director	Jean-Louis EKRA	Independent Director
HUANG Binghua	Non-executive Director	Giovanni TRIA	Independent Director
LIU Hui	Non-executive Director	LIU Xiaolei	Independent Director
SHI Yongyan	Non-executive Director		

Notes:

1 The information listed in the above table pertains to the incumbent directors.

2 Mr. LIN Jingzhen began to serve as member of the Corporate Culture and Consumer Protection Committee of the Board of Directors of the Bank as of 26 February 2024.

3 Mr. JIANG Guohua ceased to serve as Independent Director, Chair and member of the Audit Committee, member of the Strategic Development Committee, member of the Corporate Culture and Consumer Protection Committee, member of the Personnel and Remuneration Committee, and member of the Connected Transactions Control Committee of the Board of Directors of the Bank due to his work arrangements as of 26 February 2024.

4 Ms. LIU Xiaolei began to serve as Independent Director, Chair and member of the Audit Committee, member of the Strategic Development Committee, member of the Risk Policy Committee, member of the Personnel and Remuneration Committee, and member of the Connected Transactions Control Committee of the Board of Directors of the Bank as of 26 March 2024. Ms. LIU Xiaolei ceased to serve as Independent Director of First Capital Securities Co., Ltd. as of 28 June 2024.

5 Mr. Jean-Louis EKRA ceased to serve as member of the Board of Africa Economic Research Consortium (AERC) as of 31 March, 2024.

6 Ms. LOU Xiaohui began to serve as Non-executive Director, member of the Strategic Development Committee and member of the Connected Transactions Control Committee of the Board of Directors of the Bank as of 1 April 2024. Ms. LOU Xiaohui ceased to serve as Non-executive Director of China Everbright Group Ltd. as of 3 April 2024.

7 Mr. ZHANG Yi began to serve as Executive Director, member of the Strategic Development Committee and member of the Connected Transactions Control Committee of the Board of Directors of the Bank as of 3 April 2024. Mr. ZHANG Yi ceased to serve as Executive Director, member of the Strategic Development Committee and member of the Connected Transactions Control Committee of the Board of Directors of the Bank as of 16 May 2024 due to work adjustments.

8 Mr. E Weinan ceased to serve as Independent Director, member of the Strategic Development Committee, member of the Corporate Culture and Consumer Protection Committee, and member of the Personnel and Remuneration Committee of the Board of Directors of the Bank as of 5 July 2024 due to personal work arrangements.

9 Mr. LIU Jin ceased to serve as Vice Chairman, Executive Director and member of the Strategic Development Committee of the Board of Directors of the Bank as of 25 August 2024 due to personal reasons.

10 Incumbent Non-executive Directors Mr. ZHANG Yong, Mr. ZHANG Jiangang, Mr. HUANG Binghua, Mr. LIU Hui, Mr. SHI Yongyan and Ms. LOU Xiaohui were recommended by Central Huijin Investment Ltd., a shareholder of the Bank.

11 During the reporting period, no incumbent director or director who left office during the reporting period held any share of the Bank.

Supervisors

Name	Position	Name	Position
WEI Hanguang	Employee Supervisor	HUI Ping	External Supervisor
ZHOU Hehua	Employee Supervisor	CHU Yiyun	External Supervisor
JIA Xiangsen	External Supervisor		

Notes:

1 The information listed in the above table pertains to the incumbent supervisors.

2 Ms. ZHANG Keqiu ceased to serve as Chairwoman of the Board of Supervisors, Shareholder Supervisor, and Chair of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 5 February 2024 due to reason of age.

3 Mr. JIA Xiangsen began to serve as member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 11 March 2024.

4 Ms. WEI Hanguang began to serve as General Manager of the Corporate Banking Department of the Head Office of the Bank and ceased to serve as General Manager of the Human Resources Department of the Head Office of the Bank as of 10 April 2024.

5 Mr. CHU Yiyun began to serve as Independent Director of United Overseas Bank (China) Ltd. as of 3 June 2024.

6 During the reporting period, no incumbent supervisor or supervisor who left office during the reporting period held any share of the Bank.

Senior Management Members

Name	Position	Name	Position
LIN Jingzhen	Executive Director and Executive Vice President	LIU Jiandong	Chief Risk Officer
LIU Jinn	Executive Vice President	ZHAO Rong	Chief Business and Management Officer
ZHANG Xiaodong	Executive Vice President	ZHUO Chengwen	Secretary to the Board of Directors and Company Secretary
CAI Zhao	Executive Vice President	MENG Qian	Chief Information Officer

Notes:

1 The information listed in the above table pertains to the incumbent senior management members.

2 Mr. ZHUO Chengwen began to serve as Secretary to the Board of Directors and Company Secretary of the Bank, and ceased to serve as Chief Audit Officer of the Bank as of 25 March 2024.

3 Mr. LIU Jinn began to serve as Executive Vice President of the Bank as of 3 April 2024.

4 Mr. ZHANG Yi ceased to serve as Executive Vice President of the Bank as of 16 May 2024 due to work adjustments.

5 Mr. LIU Jin ceased to serve as President of the Bank as of 25 August 2024 due to personal reasons.

6 During the reporting period, no incumbent senior management member or senior management member who left office during the reporting period held any share of the Bank.

Organisational Management, Human Resources Development and Management

Organisational Management

As at 30 June 2024, the Bank had a total of 11,491 institutions worldwide, including 10,945 institutions in the Chinese mainland and 546 institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions. Its commercial banking business in the Chinese mainland (including Head Office, tier-1 branches, direct branches, tier-2 branches and outlets) comprised 10,280 institutions, including 38 tier-1 and direct branches, 373 tier-2 branches and 9,868 outlets.

The geographic distribution of the institutions and employees of the Bank is set forth below:

Unit: RMB million/unit/person, except percentages

	Assets		Institutions		Employees	
Items	Total assets	% of total	Number of institutions	% of total	Number of employees	% of total
Northern China	10,690,461	29.95%	2,157	18.77%	66,676	21.60%
Northeastern China	1,102,653	3.09%	893	7.77%	22,560	7.31%
Eastern China	8,009,167	22.44%	3,465	30.16%	91,779	29.73%
Central and Southern China	5,583,591	15.64%	2,727	23.73%	65,373	21.18%
Western China	2,508,559	7.03%	1,703	14.82%	37,071	12.01%
Hong Kong (China), Macao (China) and Taiwan (China)	5,449,158	15.27%	403	3.51%	18,564	6.01%
Other countries and regions	2,347,861	6.58%	143	1.24%	6,680	2.16%
Elimination	(1,784,183)					
Total	**33,907,267**	**100.00%**	**11,491**	**100.00%**	**308,703**	**100.00%**

Note: The proportion of geographic assets was calculated based on data before elimination.

Human Resources Development and Management

As at 30 June 2024, the Bank had 308,703 employees. There were 283,459 employees in the Chinese mainland, of which 268,803 worked in the Bank's commercial banking business in the Chinese mainland (including Head Office, tier-1 branches, direct branches, tier-2 branches and outlets). The Bank had 25,244 employees in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions. As at 30 June 2024, the Bank bore costs for a total of 4,347 retirees.

In the first half of 2024, the Bank continued to make its organisational structure more adaptable in support of the Group's strategies and key annual tasks. It established a technology finance centre and a pension finance centre to strengthen organisational support for technology finance and pension finance, further improving the quality and coverage of its financial services support to the real economy. It also established software sub-centres in Shanghai, Wuhan and Chengdu to improve its IT system and enhance its digital service capabilities, as well as a remote banking centre to strengthen the Group's customer service channels and coordinate resource allocation, further improving the quality and efficiency of its customer service.

The Bank worked to build a qualified and specialised team of financial talents who are politically upright, professionally competent and strictly disciplined in conduct. The Bank implemented the employment-first strategy, and launched spring campus recruitment, contributing its strength to stabilising employment. The Bank conducted autonomous reviews of senior economist and senior accountant titles, to expand the high-level professional talent pool. The Bank strengthened the cultivation of employees to be dispatched to overseas institutions as well as job rotation and exchanges, to continuously advance the building of a global talent team. As at the end of June, the Bank's employee remuneration policy saw no significant changes from that disclosed in the Bank's 2023 annual report.

The Bank refined its political training programme with the primary objective of further studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. The programme focused on the Party's theoretical framework and Party consciousness, highlighting the role of the "key few" and young cadres. Furthermore, it enhanced job performance training, emphasising key areas such as "implementing the five major tasks", "strengthening risk management", and "building key talent echelons". It also introduced training programmes to enhance job performance, covering professional qualifications, daily operations, new recruits, internal trainers, and comprehensive skills development. The "Double Ten Prohibitions", which cover internal management and customer service, were incorporated into performance training for various staff positions with the aim of reinforcing compliance education for all employees across the Bank. The Bank attached great importance to the cultivation and popularisation of the concept of consumer protection among employees and continued to advance the study and advocacy of the latest laws and regulatory requirements across the Bank. In the first half of 2024, the Bank carried out a policy interpretation and knowledge test regarding the *Regulation on the Implementation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. This involved more than 226 thousand participations from Head Office departments, domestic branches and comprehensive operation companies, further enhancing employees' awareness and competence in consumer protection.

Corporate Governance

The Bank takes excellent corporate governance as an important objective and consistently strives to improve the modern financial enterprise system with Chinese characteristics. It strictly follows the regulatory rules governing capital markets and industries, closely tracks changes and trends in overseas and domestic regulations, proactively explores innovative models and methods of corporate governance, and integrates the Party's leadership into its corporate governance improvement efforts, so as to continuously enhance its modern corporate governance capabilities.

During the reporting period, the Bank further improved its corporate governance mechanisms, continued to follow up and implement regulatory requirements regarding capital markets and the banking industry, actively re-examined and self-inspected its corporate governance policies, and comprehensively and systematically re-examined the Articles of Association, authorisation systems and rules of procedures of each special committee of the Board of Directors.

The Board of Directors paid close attention to the continuous professional development of directors, organised research activities and trainings for directors and improved its communication mechanisms, thus continuously enhancing its decision-making efficiency and capability.

During the reporting period, the Bank continued to strengthen the protection of shareholders' rights, ensuring that shareholders were properly informed and entitled to participate and make decisions.

Corporate Governance Compliance

During the reporting period, the actual status of the Bank's corporate governance was consistent with the requirements of the laws, administrative regulations and CSRC regulations on the corporate governance of listed companies.

During the reporting period, the Bank strictly observed the *Corporate Governance Code* (the "*Code*") as set out in Appendix C1 to the Hong Kong Listing Rules. The Bank has complied with all the applicable provisions of the *Code* and adopted most of the recommended best practices set out in the *Code*.

Shareholders' Meeting

During the reporting period, the Bank held two shareholders' meetings. On 26 February 2024, the Bank held its 2024 First Extraordinary General Meeting on-site in Beijing. A-Share Holders could also cast votes online. The meeting considered and approved proposals including the election of Mr. ZHANG Yi as Executive Director of the Bank, the election of Ms. LOU Xiaohui as Non-executive Director of the Bank, the election of Ms. LIU Xiaolei as Independent Non-executive Director of the Bank, and the issuance quota and issuance arrangement of total loss-absorbing capacity non-capital bonds. The proposal regarding the issuance quota and issuance arrangement of total loss-absorbing capacity non-capital bonds was a special resolution, while the rest of the proposals were ordinary resolutions.

On 28 June 2024, the Bank held its 2023 Annual General Meeting on-site in Beijing and Hong Kong SAR via video link. A-Share Holders could also cast votes online. This meeting considered and approved proposals including the 2023 work report of the Board of Directors, the 2023 work report of the Board of Supervisors, the 2023 annual financial report, the 2023 profit distribution plan, the 2024 interim profit distribution arrangement, the fixed asset investment budget for 2024, the engagement of accountants to provide 2024 interim review and other professional services, the re-election of Mr. LIN Jingzhen as Executive Director of the Bank, the 2023 remuneration distribution plan for external supervisors, and the bond issuance plan. The meeting also heard a report on the connected transactions for 2023, the duty report of Independent Directors for 2023, and a report on the implementation of the *Scheme on the Authorisation to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* for 2023. The proposal regarding the bond issuance plan was a special resolution, while the rest of the proposals were ordinary resolutions.

The abovementioned shareholders' meetings were convened and held in strict compliance with relevant laws and regulations as well as the listing rules of the Bank's listing exchanges. The Bank's directors, supervisors and senior management members attended the meeting and communicated with shareholders on issues of concern. The Bank published announcements on the resolutions and legal opinions of the aforementioned shareholders' meetings pursuant to the regulatory requirements in a timely manner. For details, please refer to the Bank's announcements published on the websites of the SSE, the HKEX and the Bank on 26 February 2024 and 28 June 2024.

Directors and the Board of Directors

Currently, the Board of Directors comprises thirteen members. Besides the Chairman, there is one executive director, six non-executive directors and five independent directors. The proportion of independent directors reaches one-third of the total number of directors, which is in compliance with the Articles of Association of the Bank and the relevant regulatory provisions. The positions of Chairman of the Board of Directors and President of the Bank are assumed by two persons during the reporting period.

Save as disclosed in this report, to the best knowledge of the Bank, information regarding the Bank's directors including their appointments during the reporting period is the same as that disclosed in the 2023 Annual Report of the Bank.

During the reporting period, the Bank convened six on-site meetings of the Board of Directors. At these meetings, the Board of Directors mainly considered and approved proposals regarding work report of the Board of Directors for 2023, report on internal control assessment for 2023, the 2023 corporate social responsibility report (environmental, social and governance), the 2023 annual report, capital adequacy ratio report of 2023 and bond issuance plan, among others.

The Board of Directors has set up the Strategic Development Committee, the Corporate Culture and Consumer Protection Committee, the Audit Committee, the Risk Policy Committee, the Personnel and Remuneration Committee, and the Connected Transactions Control Committee as well as the US Risk and Management Committee established under the Risk Policy Committee, to assist it in performing its functions under the authorisation of the Board of Directors.

Independent directors individually serve as the Chair of the Audit Committee, the Personnel and Remuneration Committee and the Connected Transactions Control Committee. The work performance of each special committee during the reporting period was as follows:

Special committee	Work performance
Strategic Development Committee	The committee held three on-site meetings. At these meetings, it reviewed proposals on fixed asset investment budget for 2024, issuance quota and issuance arrangement of total loss-absorbing capacity non-capital bonds, 2024 business plan of inclusive finance department, report on green finance development for 2023 and work plan for 2024, and bond issuance plan, among others.
Corporate Culture and Consumer Protection Committee	The committee held two on-site meetings. At these meetings, it reviewed proposals on the 2023 corporate social responsibility report (environmental, social and governance), 2023 work summary of and 2024 work plan for consumer protection, report on complaints from the NFRA and complaints management in 2023, and report on complaints management in 2024 Q1, among others.
Audit Committee	The committee held four on-site meetings. At these meetings, it reviewed and approved the 2024 work plan and financial budget for internal audit, among others, and reviewed proposals on the adjustment to the arrangement for engagement of external auditors for 2024, the 2023 financial report, the 2024 first quarter financial report, the 2023 internal control assessment report, and the audit results on internal control and its management proposal, among others.
Risk Policy Committee	The committee held four on-site meetings. At these meetings, it reviewed proposals on country risk management policy (revised in 2024), operational risk management policies (revised in 2024), liquidity risk management policy (revised in 2024), policy for interest rate risk in the banking book management (revised in 2024), report on consolidated management of the Group in 2023, and report on business continuity management in 2023, among others.
Personnel and Remuneration Committee	The committee held five on-site meetings. At these meetings, it reviewed proposals on nomination of Ms. LOU Xiaohui as candidate for Non-Executive Director of the Bank, nomination of Ms. LIU Xiaolei as candidate for Independent Non-executive Director of the Bank, appointment of Mr. ZHUO Chengwen as the Secretary to the Board of Directors and Company Secretary of the Bank, appointment of Mr. LIU Jinn as Executive Vice President of the Bank, renewal of directors', supervisors' and officers' liability insurance for 2024-2025, nomination of Mr. LIN Jingzhen to be re-appointed as Executive Director of the Bank, and adjustments to chairpersons and members of special committees of the Board of Directors, among others.
Connected Transactions Control Committee	The committee held two on-site meetings. At these meetings, it reviewed proposals on report on the connected transactions in 2023, and report on the results of the self-assessment questionnaire to the Connected Transactions Control Committee, among others.

Supervisors and the Board of Supervisors

The Board of Supervisors currently comprises five members, with two employee supervisors and three external supervisors.

Save as disclosed in this report, to the best knowledge of the Bank, information regarding the Bank's supervisors including their appointments during the reporting period is the same as that disclosed in the 2023 Annual Report of the Bank.

During the reporting period, in accordance with applicable national laws and regulations, regulatory requirements and the Articles of Association of the Bank, the Board of Supervisors diligently performed its supervisory duties, continuously improving the quality and effectiveness of its supervision to support the Bank's high-quality development. **Standardised supervision of duty performance.** Supervisors attended shareholders' meetings and participated in meetings of the Board of Directors, relevant special committees and the Senior Management as non-voting attendees. The Board of Supervisors conducted researches and reviews of documents and materials, monitored and oversaw the performance of directors and senior management members, and presented matters for consideration and offered suggestions. To enhance its annual duty performance evaluation, the Board of Supervisors conducted face-to-face interviews or written interviews with directors and senior management members, and organised self-evaluations and peer reviews of supervisors' performance. Based on supervision of routine duty performance, the Board of Supervisors issued the 2023 annual evaluation opinions on the duty performance of the Board of Directors, the Senior Management and their members and the 2023 self-evaluation opinions on the duty performance of the Board of Supervisors, and reported these to the Shareholders' Meeting and regulatory authorities as required. **Earnestly fulfilled strategy and finance supervision duties.** The Board of Supervisors emphasised the Bank's role in supporting national strategies, promoting the re-inspection and implementation of the 14th Five-Year Plan and encouraging the Bank to focus on the "five major tasks" of financial work with the goal of accelerating high-quality growth. It heard quarterly reports on the Bank's operating results, conducted a thorough review of its regular reports, and provided recommendations for improving the Bank's refined management in a low interest margin environment while optimising the balance between functionality and profitability. It strengthened the supervision of external auditors, urging them to strictly comply with audit procedures and enhance audit quality management, and heard special reports on adjustments to the engagement of external auditors. **Enhanced risk management and internal control supervision.** The Board of Supervisors focused on the implementation of national plans for preventing and resolving financial risks, and advised the Bank to adopt forward-thinking risk response measures in key areas. In line with the "Three Lines of Defence" internal risk control mechanism, the Board of Supervisors recommended improvements to the Bank's long-term, Group-wide risk prevention and control mechanisms that coordinate between domestic and overseas institutions. It also highlighted the necessity for risk management in non-traditional fields and proposed reinforcing the Bank's defences in information technology and network information security. Furthermore, the Board of Supervisors monitored the implementation of its recommendations and facilitated the effective application of supervisory results.

During the reporting period, the Bank convened two on-site meetings of the Board of Supervisors and one meeting via written resolution. At these meetings, the Board of Supervisors reviewed and approved 22 proposals, including the 2023 annual report, the 2024 first quarter report, the 2023 corporate social responsibility report (environmental, social and governance), the 2023 internal control assessment report, the 2023 profit distribution plan, the 2024 interim profit distribution arrangements, the work report of the Board of Supervisors for 2023, the evaluation opinions of the Board of Supervisors on the duty performance of the Board of Directors, the Senior Management and their members for 2023 and the self-evaluation opinions on the duty performance of the Board of Supervisors, the performance assessment results and remuneration distribution plan for external supervisors, and the proposed appointment of Supervisor Mr. JIA Xiangsen as member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank. Moreover, the Board of Supervisors issued supervision and evaluation opinions regarding the Bank's performance in strategy implementation, capital management and the management of advanced approaches for capital measurement, liquidity risk management, internal audit, consolidated management, stress test management, internal control, case risk prevention, expected credit loss (ECL) approach management, data governance, reputational risk management and information disclosure management, etc. The Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank held two on-site meetings and one meeting via written resolution, and the Finance and Internal Control Supervision Committee of the Board of Supervisors of the Bank held two on-site meetings to conduct preliminary reviews of relevant proposals.

During the reporting period, the external supervisors of the Bank, Mr. JIA Xiangsen, Mr. HUI Ping and Mr. CHU Yiyun, performed their supervisory duties in strict accordance with the provisions of the Articles of Association of the Bank. They attended in person all meetings of the Board of Supervisors and its special committees during the reporting period, conducted researches and reviews of documents and materials, and participated in research and decision-making regarding the matters for deliberation of the Board of Supervisors. During the reporting period, they attended all shareholders' meetings in person and actively participated in meetings of the Board of Directors and relevant special committees as non-voting attendees, playing a constructive role in improving the Bank's corporate governance and enhancing operational management.

Senior Management

During the reporting period, the Senior Management of the Bank managed the Bank's operations in accordance with the powers bestowed upon it by the Articles of Association and the authorisations of the Board of Directors. In accordance with the operation and management objectives approved by the Board of Directors, the Senior Management formulated business plans, operation strategies and management measures, made every effort to serve the real economy, prevent and control financial risks, and promote reform and innovation. They invited directors and supervisors to attend important meetings and major activities, listened to their opinions and suggestions, and maintained close communication with the Board of Directors and the Board of Supervisors, continuously improving the quality and efficiency of the Bank's operations and management. As a result, all work was carried out smoothly and the Group realised steady operating results.

During the reporting period, the Senior Management of the Bank held 17 regular meetings of its Executive Committee. In these meetings, it focused on key operational areas and discussed and decided upon a series of significant matters, including the Group's business development, globalised development, integrated operations, IT development, consumer rights protection, technology finance, green finance, inclusive finance, pension finance, digital finance, and the prevention and defusing of financial risks. It also held special meetings to study and deploy plans for the Group's corporate banking, personal banking and financial markets businesses, channel operation and compliance management.

During the reporting period, the former Financial Digitalisation Committee under the Senior Management (Executive Committee) was renamed the Digital Finance Committee. This committee is responsible for the overall management and professional decision-making of the Group's digital development, fintech, data governance, scenario-based ecosystem building, innovation and product management. The newly established Inclusive Finance Committee is responsible for the overall management and professional decision-making of the Group's inclusive finance work. The newly established Pension Finance Committee is responsible for the overall management and professional decision-making of the Group's pension finance business. Currently, the Senior Management presides over the Asset and Liability Management Committee, Risk Management and Internal Control Committee (which governs the Anti-money Laundering Committee, Asset Disposal Committee, Credit Risk Management and Decision-making Committee and Related Party Transactions Management Office), Centralised Procurement Management Committee, Securities Investment and Management Committee, Asset Management Business Committee, Consumer Protection Committee, Technology Finance Committee, Green Finance Committee, Inclusive Finance Committee, Pension Finance Committee, Digital Finance Committee and Cross-border Finance Committee. During the reporting period, all of the committees diligently fulfilled their duties and responsibilities as per the powers specified in their committee charters and the rights delegated by the Executive Committee, and pushed forward the sound development of the Bank's various operations.

Formulation and Implementation of Profit Distribution Policy

Ordinary Shares

The Articles of Association of the Bank states that the Bank should maintain the continuity and stability of its profit distribution policy. It also clarifies the Bank's profit distribution principles, policy and adjustment procedures, the consideration process of the profit distribution plan and other matters. The Bank shall adopt cash dividend as the priority form of profit distribution. Except under special circumstances, the Bank shall adopt cash as the form of dividend distribution where there is profit in that year and the accumulated undistributed profit is positive, and the cash distribution of the dividend shall not be less than 10% of the profit after tax attributable to the ordinary shareholders of the Bank. The Bank shall offer online voting to shareholders when considering amendments to the profit distribution policy and profit distribution plan.

The procedure to formulate the aforementioned profit distribution policy was compliant and transparent, and the decision procedure was complete. The criterion and ratio of the dividend were explicit and clear. The independent directors fully expressed their opinions and the legitimate rights and interests of minority shareholders were fully respected and protected. In these regards, it was in line with the provisions of the Articles of Association and other rules and regulations.

Preference Shares

The preference shareholders of the Bank receive dividend at the specified dividend rate prior to the ordinary shareholders. The Bank shall pay the dividend to the preference shareholders in cash. The Bank shall not distribute the dividends on ordinary shares before all the dividends on preference shares have been paid.

Dividend on the Bank's preference shares will be distributed on an annual basis. Once the preference shareholders have received dividends at the specified dividend rate, they shall not be entitled to participate in the distribution of the remaining profits of the Bank together with the ordinary shareholders.

The preference share dividend is non-cumulative. If any preference share dividend for any dividend period is not paid in full, such remaining amount of dividend shall not be carried forward to the following dividend year. The Bank shall be entitled to cancel the payment of any dividend on the preference shares, and such cancellation shall not constitute a default. The Bank may at its discretion use the funds arising from the cancellation of such dividend payment to repay other indebtedness due and payable.

Dividend payments are independent of the Bank's credit rating, nor do they vary with the credit rating.

Implementation of Profit Distribution

The 2023 Annual General Meeting considered and approved the Bank's profit distribution plan as follows: appropriation to statutory surplus reserve of RMB20.824 billion; appropriation to general reserves of RMB40.468 billion; no appropriation to the discretionary reserve; considering the Bank's business performance, financial position, and the future development of the Bank, RMB2.364 per ten shares (before tax) was proposed to be distributed as cash dividends on ordinary shares to A-Share Holders and H-Share Holders whose names appeared on the register of shareholders of the Bank as at market close on 16 July 2024, amounting to approximately RMB69.593 billion (before tax) in total. The dividend distribution plan has been implemented. The Bank did not propose any capitalisation of capital reserve into share capital.

The Board of Directors of the Bank has recommended an interim dividend on ordinary shares for 2024 of RMB1.208 per 10 shares (before tax), subject to the approval of the shareholders' meeting. If approved, the 2024 interim dividend on the Bank's ordinary shares will be denominated and declared in RMB and paid in RMB or equivalent HKD. The actual amount distributed in HKD will be calculated according to the average of the exchange rates of HKD to RMB announced by the

PBOC in the week before the date (inclusive) of the Bank's shareholders' meeting. The A-Share dividend distribution date is expected to be 23 January 2025 and the H-Share dividend distribution date is expected to be 19 February 2025 in accordance with relevant regulatory requirements and business rules.

At the 2023 fifth meeting of the Board of Directors, the dividend distribution plan for the Bank's Offshore Preference Shares (Second Tranche) was approved. The Bank distributed dividends on the Offshore Preference Shares (Second Tranche) on 4 March 2024. According to the Bank's issuance terms of the Offshore Preference Shares (Second Tranche), dividends on Offshore Preference Shares (Second Tranche) were paid in US dollars, with a total of approximately USD101.5 million (after tax) at an annual dividend rate of 3.60% (after tax). The dividend distribution plan has been accomplished.

At the 2024 fourth meeting of the Board of Directors, the dividend distribution plans for the Bank's Domestic Preference Shares (Third Tranche and Fourth Tranche) and the Offshore Preference Shares (Second Tranche) were approved. The Bank distributed a total of RMB3.285 billion (before tax) of dividends on the Domestic Preference Shares (Third Tranche) on 27 June 2024, with an annual dividend rate of 4.50% (before tax). The Bank distributed a total of RMB1.1745 billion (before tax) of dividends on the Domestic Preference Shares (Fourth Tranche) on 29 August 2024, with an annual dividend rate of 4.35% (before tax). The Bank will distribute dividends on the Offshore Preference Shares (Second Tranche) on 4 March 2025. According to the Bank's issuance terms of the Offshore Preference Shares (Second Tranche), dividends on Offshore Preference Shares (Second Tranche) will be paid in US dollars, with a total of approximately USD101.5 million (after tax) at an annual dividend rate of 3.60% (after tax). The dividend distribution plans for the Bank's Domestic Preference Shares (Third Tranche and Fourth Tranche) have been accomplished.

For details of the above-mentioned profit distributions, please refer to the Bank's relevant announcements published on the websites of the SSE, the HKEX and the Bank. For other profit distribution during the reporting period, please refer to the Notes to the Condensed Consolidated Interim Financial Statements.

Implementation of Stock Incentive Plan and Employee Stock Ownership Plan

The Bank approved a long-term incentive policy, including the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan, at the Board meeting and the Extraordinary General Meeting held in November 2005. To date, the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan have not been implemented.

Significant Events

Purchase and Sale of Material Assets

During the reporting period, the Bank did not undertake any purchase and sale of material assets that is required to be disclosed.

Material Litigation and Arbitration

The Bank was involved in certain litigation and arbitration cases in the regular course of its business. Given the range and scale of its international presence, the Bank may be involved in a variety of litigation, arbitration and judicial proceedings within different jurisdictions in the course of its regular business operations in different countries and regions across the world, and the ultimate outcomes of these proceedings involve various levels of uncertainty. Based upon the opinions of internal and external legal counsels, the Senior Management of the Bank believes that, at the current stage, these matters will not have a material impact on the financial position or operating results of the Bank. Should the ultimate outcomes of these matters differ from the initially estimated amounts, such differences will impact the profit or loss in the period during which such a determination is made.

Significant Connected Transactions

The Bank had no significant connected transactions during the reporting period. For details of the related party transactions as defined by the relevant accounting standards by the end of the reporting period, please refer to Note III. 31 to the Condensed Consolidated Interim Financial Statements.

Major Contracts and Enforcement thereof

Material Custody, Sub-contracts and Leases

During the reporting period, the Bank did not take, or allow to subsist any significant custody of, sub-contract or lease assets from other companies, or allow its material business assets to be subject to such arrangements, in each case that is required to be disclosed.

Material Guarantee Business

As approved by the PBOC and the NFRA, the Bank's guarantee business is an off-balance sheet item in the ordinary course of its business. The Bank operates its guarantee business in a prudent manner and has formulated specific management measures, operational processes and approval procedures in respect of the risks of guarantee business and carries out this business accordingly. During the reporting period, save as disclosed above, the Bank did not enter into or allow to subsist any material guarantee business that is required to be disclosed.

During the reporting period, there was no violation of laws, administrative regulations or rules of the CSRC in the Bank's guarantee business.

Other Major Contracts

During the reporting period, the Bank did not enter into or allow to subsist any other major contract that is required to be disclosed.

Undertakings

There was no undertaking that had been fulfilled by the Bank during the reporting period. As at the end of the reporting period, there was no undertaking that the Bank had failed to fulfil.

Disciplinary Actions Imposed on the Bank, its Directors, Supervisors, Senior Management Members and Controlling Shareholder

During the reporting period, neither the Bank nor any of its directors, supervisors, senior management members or controlling shareholder was subject to compulsory measures due to alleged crimes, subject to criminal punishment, investigated by the CSRC due to potential violation of laws and regulations or subject to administrative punishment by the CSRC, or had material administrative punishment imposed on them by other competent authorities. None of the directors, supervisors, senior management members or controlling shareholder was detained by disciplinary inspection and supervision authorities due to any potential material breach of laws, disciplinary regulations or duty crimes, nor did any such matter affect its duty performance. None of the directors, supervisors or senior management members was subject to compulsory measures by other competent authorities due to potential violation of laws and regulations, which may affect their duty performance.

Misappropriation of Funds for Non-operating Purposes by Controlling Shareholder and Other Related Parties

During the reporting period, there was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes.

Use of Raised Funds

All proceeds raised from initial public offerings, rights issues, issuances of tier 2 capital bonds, preference shares and undated capital bonds have been fully used to replenish the Bank's capital and increase the level of its capital adequacy.

For details, please refer to the related announcements published on the websites of the SSE, the HKEX and the Bank, and the Notes to the Condensed Consolidated Interim Financial Statements.

Purchase, Sale or Redemption of the Bank's Shares

During the reporting period, neither the Bank nor any of its subsidiaries has purchased, sold or redeemed any shares the Bank.

Audit Committee

The Audit Committee of the Bank comprises five members, including Non-executive Directors Mr. ZHANG Yong and Mr. ZHANG Jiangang, and

Independent Directors Mr. Martin Cheung Kong LIAO, Mr. Giovanni TRIA and Ms. LIU Xiaolei. Independent Director Ms. LIU Xiaolei serves as the Chair of the committee. Following the principle of independence, the committee assists the Board of Directors in supervising the financial reports, internal control, internal audit and external audit of the Group.

The Audit Committee has reviewed the interim results of the Bank. The external auditor of the Bank had reviewed the Interim Financial Information in accordance with the *International Standard on Review Engagements 2410*. The committee has considered the financial statements in light of accounting standards, accounting policies and practices, internal control and financial reporting.

Appointment of External Auditors

In accordance with the relevant regulations on the selection and engagement of accounting firms, taking into account market conditions and the Bank's business development needs, and based on the principle of prudence, the Bank has performed the bidding procedures and formed the evaluation results, and has proposed to engage Ernst & Young Hua Ming LLP as domestic auditor and external auditor of internal control audit for 2024, and to engage Ernst & Young as the international auditor for 2024, as deliberated and agreed by the Board of Directors on 19 August 2024. The above engagement of external auditors for 2024 shall be submitted to the shareholders' meeting of the Bank for deliberation and approval.

Directors' and Supervisors' Rights to Acquire Shares

During the reporting period, none of the Bank, its holding companies, or any of its subsidiaries or fellow subsidiaries was party to any arrangements that would enable the Bank's directors and supervisors, or their respective spouses or children below the age of 18, to benefit by acquiring shares in, or debentures of, the Bank or any other legal entity.

Directors' and Supervisors' Interests in Shares, Underlying Shares and Debentures

To the best knowledge of the Bank, as at 30 June 2024, none of the directors or supervisors of the Bank or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Bank pursuant to Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* (the "*Model Code*") as set out in Appendix C3 of the Hong Kong Listing Rules.

Securities Transactions by Directors and Supervisors

Pursuant to domestic and overseas securities regulatory requirements, the Bank formulated and implemented the *Management Measures on Securities Transactions* *by Directors, Supervisors and Senior Management Personnel of Bank of China Limited* (the "*Management Rules*") to govern securities transactions by the directors, supervisors and senior management members of the Bank. The terms of the *Management Rules* are more stringent than the mandatory standards set out in the *Model Code*. All the directors and supervisors of the Bank have confirmed that they have complied with the standards set out in both the *Management Rules* and the *Model Code* throughout the reporting period.

Consumer Rights Protection

For details, please refer to the section "Environmental and Social Responsibilities".

Integrity of the Bank and its Controlling Shareholder

During the reporting period, neither the Bank nor its controlling shareholder failed to perform any obligations from effective legal instruments of the court or pay off any due debt in large amount.

Other Significant Events

For announcements regarding other significant events made in accordance with the regulatory requirements during the reporting period, please refer to the websites of the SSE, the HKEX and the Bank.

Interim Report

You may write to the Bank's H-Share Registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, China) to request the interim report prepared under IFRS Accounting Standards or visit the Bank's office address for copies prepared under CAS. The Chinese and/or English versions of this interim report are also available on the following websites: www.boc.cn, www.sse.com.cn and www.hkexnews.hk.

Should you have any queries about how to obtain copies of this interim report or access the document on the Bank's website, please contact the Bank's H-Share Registrar at (852) 2862 8688 or the Bank's hotline at (86)10-6659 2638.

Report on Review of Interim Financial Information

羅兵咸永道

To the Board of Directors of Bank of China Limited
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 106 to 201, which comprises the condensed consolidated interim statement of financial position of Bank of China Limited (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2024 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "Interim Financial Information"). 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

Interim Financial Information

CONTENTS

Condensed Consolidated Interim Income Statement

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

		Six month period ended 30 June	
	Note	2024 Unaudited	2023 Unaudited
Interest income	III.1	**542,994**	507,001
Interest expense	III.1	**(316,234)**	(273,009)
Net interest income		**226,760**	233,992
Fee and commission income	III.2	**49,755**	52,847
Fee and commission expense	III.2	**(6,895)**	(6,471)
Net fee and commission income		**42,860**	46,376
Net trading gains	III.3	**14,480**	17,615
Net gains/(losses) on transfers of financial assets	III.4	**4,479**	(240)
Other operating income	III.5	**29,350**	21,964
Operating income		**317,929**	319,707
Operating expenses	III.6	**(108,290)**	(104,300)
Credit impairment losses	III.8	**(60,518)**	(60,563)
Impairment losses on other assets		**(61)**	(18)
Operating profit		**149,060**	154,826
Share of results of associates and joint ventures		**143**	93
Profit before income tax		**149,203**	154,919
Income tax expense	III.9	**(22,667)**	(27,231)
Profit for the period		**126,536**	127,688
Attributable to:			
Equity holders of the Bank		**118,601**	120,095
Non-controlling interests		**7,935**	7,593
		126,536	127,688
Earnings per share (in RMB)	III.10		
— Basic		**0.36**	0.37
— Diluted		**0.36**	0.37

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

Condensed Consolidated Interim Statement of Comprehensive Income

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

	Note	Six month period ended 30 June	
		2024 Unaudited	2023 Unaudited
Profit for the period		**126,536**	127,688
Other comprehensive income:	III.11		
Items that will not be reclassified to profit or loss			
— Actuarial (losses)/gains on defined benefit plans		**(10)**	67
— Changes in fair value on equity instruments designated at fair value through other comprehensive income		**1,828**	1,750
— Other		**48**	(3)
Subtotal		**1,866**	1,814
Items that may be reclassified to profit or loss			
— Changes in fair value on debt instruments measured at fair value through other comprehensive income		**24,206**	10,068
— Allowance for credit losses on debt instruments measured at fair value through other comprehensive income		**(658)**	693
— Finance expenses from insurance contracts issued		**(4,543)**	(1,973)
— Exchange differences from the translation of foreign operations		**1,209**	14,725
— Other		**191**	193
Subtotal		**20,405**	23,706
Other comprehensive income for the period, net of tax		**22,271**	25,520
Total comprehensive income for the period		**148,807**	153,208
Total comprehensive income attributable to:			
Equity holders of the Bank		**142,140**	142,040
Non-controlling interests		**6,667**	11,168
		148,807	153,208

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

Condensed Consolidated Interim Statement of Financial Position

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

	Note	As at 30 June 2024 Unaudited	As at 31 December 2023 Audited
ASSETS			
Cash and due from banks and other financial institutions	III.12	**819,933**	568,855
Balances with central banks	III.13	**2,473,536**	2,941,140
Placements with and loans to banks and other financial institutions	III.14	**1,477,226**	1,233,888
Government certificates of indebtedness for bank notes issued		**202,449**	203,176
Precious metals		**138,619**	96,968
Derivative financial assets	III.15	**148,582**	146,750
Loans and advances to customers, net	III.16	**20,616,140**	19,476,871
Financial investments	III.17	**7,406,906**	7,158,717
— Financial assets at fair value through profit or loss		**585,400**	550,421
— Financial assets at fair value through other comprehensive income		**3,566,038**	3,248,113
— Financial assets at amortised cost		**3,255,468**	3,360,183
Investments in associates and joint ventures		**39,804**	39,550
Property and equipment	III.18	**221,008**	227,135
Construction in progress	III.19	**19,289**	20,346
Investment properties	III.20	**22,774**	22,704
Deferred income tax assets	III.25	**70,038**	75,156
Other assets	III.21	**250,963**	220,910
Total assets		**33,907,267**	32,432,166

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

	Note	As at 30 June 2024 Unaudited	As at 31 December 2023 Audited
LIABILITIES			
Due to banks and other financial institutions		**2,783,117**	2,245,362
Due to central banks		**1,022,307**	1,235,320
Bank notes in circulation		**202,312**	203,249
Placements from banks and other financial institutions		**530,706**	474,977
Financial liabilities held for trading	III.22	**35,728**	54,264
Derivative financial liabilities	III.15	**132,314**	135,973
Due to customers	III.23	**23,630,706**	22,907,050
Bonds issued	III.24	**2,064,450**	1,802,446
Other borrowings		**39,069**	36,176
Current tax liabilities		**30,316**	59,303
Retirement benefit obligations		**1,623**	1,676
Deferred income tax liabilities	III.25	**7,922**	7,397
Other liabilities	III.26	**647,721**	512,158
Total liabilities		**31,128,291**	29,675,351
EQUITY			
Capital and reserves attributable to equity holders of the Bank			
Share capital		**294,388**	294,388
Other equity instruments	III.27	**359,513**	399,505
— Preference shares		**119,550**	119,550
— Perpetual bonds		**239,963**	279,955
Capital reserve		**135,759**	135,736
Other comprehensive income	III.11	**58,389**	34,719
Statutory reserves		**257,381**	256,729
General and regulatory reserves		**379,164**	379,285
Undistributed profits		**1,164,227**	1,129,148
		2,648,821	2,629,510
Non-controlling interests		**130,155**	127,305
Total equity		**2,778,976**	2,756,815
Total equity and liabilities		**33,907,267**	32,432,166

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

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

GE Haijiao
Director

LIN Jingzhen
Director

Condensed Consolidated Interim Statement of Changes in Equity

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

		Attributable to equity holders of the Bank									
			Other equity instruments								
	Note	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Statutory reserves	General and regulatory reserves	Undistributed profits	Non-controlling interests	Total
As at 1 January 2024		294,388	119,550	279,955	135,736	34,719	256,729	379,285	1,129,148	127,305	2,756,815
Total comprehensive income	III.11	-	-	-	-	23,539	-	-	118,601	6,667	148,807
Appropriation to statutory reserves		-	-	-	-	-	652	-	(652)	-	-
Appropriation to general and regulatory reserves		-	-	-	-	-	-	(121)	121	-	-
Dividends	III.28	-	-	-	-	-	-	-	(82,860)	(4,535)	(87,395)
Capital reduction by other equity instruments holders	III.27	-	-	(39,992)	(8)	-	-	-	-	-	(40,000)
Other comprehensive income transferred to retained earnings		-	-	-	-	131	-	-	(131)	-	-
Other		-	-	-	31	-	-	-	-	718	749
As at 30 June 2024 (Unaudited)		294,388	119,550	239,963	135,759	58,389	257,381	379,164	1,164,227	130,155	2,778,976

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

	Note	Attributable to equity holders of the Bank									Non-controlling interests	Total
			Other equity instruments									
		Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Statutory reserves	General and regulatory reserves	Undistributed profits			
As at 1 January 2023		294,388	119,550	249,955	135,759	5,505	235,362	337,465	1,045,989		139,328	2,563,301
Total comprehensive income	III.11	–	–	–	–	21,945	–	–	120,095		11,168	153,208
Appropriation to statutory reserves		–	–	–	–	–	213	–	(213)		–	–
Appropriation to general and regulatory reserves		–	–	–	–	–	–	802	(802)		–	–
Dividends		–	–	–	–	–	–	–	(80,561)		(4,263)	(84,824)
Capital contribution by non-controlling shareholders		–	–	–	–	–	–	–	–		62	62
Capital contribution by other equity instruments holders		–	–	30,000	(2)	–	–	–	–		–	29,998
Other comprehensive income transferred to retained earnings		–	–	–	–	(123)	–	–	123		–	–
Other		–	–	–	14	–	–	–	–		4	18
As at 30 June 2023 (Unaudited)		294,388	119,550	279,955	135,771	27,327	235,575	338,267	1,084,631		146,299	2,661,763
Total comprehensive income		–	–	–	–	5,311	–	–	111,809		5,036	122,156
Appropriation to statutory reserves		–	–	–	–	–	21,316	–	(21,316)		–	–
Appropriation to general and regulatory reserves		–	–	–	–	–	–	41,018	(41,018)		–	–
Dividends		–	–	–	–	–	–	–	(3,033)		(3,025)	(6,058)
Capital contribution and reduction by non-controlling shareholders		–	–	–	(38)	–	–	–	–		(21,000)	(21,038)
Other comprehensive income transferred to retained earnings		–	–	–	–	13	–	–	(13)		–	–
Other		–	–	–	3	2,068	(162)	–	(1,912)		(5)	(8)
As at 31 December 2023 (Audited)		294,388	119,550	279,955	135,736	34,719	256,729	379,285	1,129,148		127,305	2,756,815

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

Condensed Consolidated Interim Statement of Cash Flows

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

	Note	Six month period ended 30 June	
		2024	**2023**
	Note	**Unaudited**	**Unaudited**
Cash flows from operating activities			
Profit before income tax		**149,203**	154,919
Adjustments:			
Impairment losses on assets		**60,579**	60,581
Depreciation of property and equipment and right-of-use assets		**10,738**	11,235
Amortisation of intangible assets and other assets		**3,839**	3,784
Net gains on disposals of property and equipment, intangible assets and other long-term assets		**(759)**	(392)
Net losses on disposals of investments in subsidiaries, associates and joint ventures		**2**	–
Share of results of associates and joint ventures		**(143)**	(93)
Interest income arising from financial investments		**(106,052)**	(91,141)
Dividends arising from investment securities		**(124)**	(192)
Net (gains)/losses on financial investments		**(3,962)**	662
Interest expense arising from bonds issued		**28,493**	21,834
Accreted interest on impaired loans		**(574)**	(486)
Interest expense arising from lease liabilities		**318**	337
Net changes in operating assets and liabilities:			
Net decrease/(increase) in balances with central banks		**17,629**	(110,328)
Net (increase)/decrease in due from and placements with and loans to banks and other financial institutions		**(10,984)**	199,503
Net (increase)/decrease in precious metals		**(41,652)**	43,899
Net increase in loans and advances to customers		**(1,198,218)**	(1,742,063)
Net increase in other assets		**(73,644)**	(165,897)
Net increase in due to banks and other financial institutions		**530,074**	6,113
Net (decrease)/increase in due to central banks		**(216,410)**	93,635
Net increase/(decrease) in placements from banks and other financial institutions		**43,027**	(159,159)
Net increase in due to customers		**712,564**	2,233,587
Net increase/(decrease) in other borrowings		**2,893**	(393)
Net increase in other liabilities		**80,452**	125,215
Cash (outflow)/inflow from operating activities		**(12,711)**	685,160
Income tax paid		**(53,735)**	(49,878)
Net cash (outflow)/inflow from operating activities		**(66,446)**	635,282

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

	Note	Six month period ended 30 June	
		2024	**2023**
		Unaudited	**Unaudited**
Cash flows from investing activities			
Proceeds from disposals of property and equipment, intangible assets and other long-term assets		**3,484**	1,597
Proceeds from disposals of investments in subsidiaries, associates and joint ventures		**55**	–
Dividends received		**233**	170
Interest income received from financial investments		**105,811**	90,884
Proceeds from disposals/maturities of financial investments		**2,043,637**	1,623,329
Increase in investments in subsidiaries, associates and joint ventures		**(107)**	(228)
Purchase of property and equipment, intangible assets and other long-term assets		**(6,415)**	(12,617)
Purchase of financial investments		**(2,308,322)**	(1,961,911)
Other net cash flows from investing activities	III.30	**2,537**	–
Net cash outflow from investing activities		**(159,087)**	(258,776)
Cash flows from financing activities			
Proceeds from issuance of bonds		**688,602**	289,147
Proceeds from issuance of other equity instruments		**–**	30,000
Proceeds from capital contribution by non-controlling shareholders		**–**	62
Repayments of debts issued		**(444,536)**	(552,571)
Cash payments for interest on bonds issued		**(10,898)**	(8,640)
Repayments of other equity instruments issued		**(40,000)**	–
Dividend and interest payments to other equity instrument holders		**(12,090)**	(11,086)
Dividend payments to non-controlling shareholders		**(800)**	(1,257)
Other net cash flows from financing activities		**(3,166)**	(291)
Net cash inflow/(outflow) from financing activities		**177,112**	(254,636)
Effect of exchange rate changes on cash and cash equivalents		**(7,474)**	44,909
Net (decrease)/increase in cash and cash equivalents		**(55,895)**	166,779
Cash and cash equivalents at beginning of the period		**2,516,725**	2,091,466
Cash and cash equivalents at end of the period	III.30	**2,460,830**	2,258,245
Net cash flows from operating activities include:			
Interest received		**454,709**	428,489
Interest paid		**(273,898)**	(229,341)

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

Notes to the Condensed Consolidated Interim Financial Statements

(Amounts in millions of Renminbi, unless otherwise stated)

I BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The unaudited interim financial information for the six month period ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

Except as described below, the accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2023.

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

On 1 January 2024, the Group has adopted the following International Financial Reporting Standards ("IFRS Accounting Standards") and amendments issued by the International Accounting Standards Board ("IASB"), which were mandatorily effective for the current interim period.

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

The description of above standard and amendment updates have been disclosed in the 2023 Group's consolidated financial statements. The adoption of the above standards and amendments does not have any significant impact on the operating results, comprehensive income and financial position of the Group for the six month period ended 30 June 2024.

I BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2 Standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group in 2024

		Effective for annual period beginning on or after
Amendments to IAS 21	*Lack of Exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7	*Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements	*Annual Improvements to IFRS Accounting Standards – Volume 11*	1 January 2026
IFRS 18	*Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date has been deferred indefinitely

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* address diversity in accounting practice by making the requirements on classification and measurement of financial instruments more understandable and consistent. The amendments:

- clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest on the principal amount outstanding criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

IFRS 18 *Presentation and Disclosure in Financial Statements* will replace IAS 1 *Presentation of Financial Statements* in response to investors' concerns about the comparability and transparency of entities' performance reporting. The key new concepts introduced in this new standard relate to the structure of the statement of profit or loss; required disclosures on management-defined performance measures; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The adoption of the above standards and amendments will not expect to have material impact on the operating results, comprehensive income and financial position of the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

II CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical accounting estimates and judgements made by the Group in this reporting period are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2023.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS

1 Net interest income

	Six month period ended 30 June	
	2024	**2023**
Interest income		
Loans and advances to customers		
— Corporate loans and advances	**248,154**	223,030
— Personal loans	**127,218**	140,582
— Discounted bills	**3,644**	4,308
Financial investments		
— Financial assets at fair value through other comprehensive income	**53,029**	38,710
— Financial assets at amortised cost	**53,023**	52,431
Due from and placements with and loans to banks and other financial institutions and central banks	**57,926**	47,940
Subtotal	**542,994**	507,001
Interest expense		
Due to customers	**(236,382)**	(212,538)
Due to and placements from banks and other financial institutions	**(50,482)**	(38,068)
Bonds issued and other	**(29,370)**	(22,403)
Subtotal	**(316,234)**	(273,009)
Net interest income	**226,760**	233,992

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

2 Net fee and commission income

	Six month period ended 30 June	
	2024	**2023**
Agency commissions	**11,702**	13,401
Settlement and clearing fees	**9,255**	9,028
Bank card fees	**6,809**	7,074
Consultancy and advisory fees	**6,406**	6,123
Credit commitment fees	**5,555**	6,324
Custodian and other fiduciary service fees	**3,378**	4,325
Spread income from foreign exchange business	**2,890**	2,940
Other	**3,760**	3,632
Fee and commission income	**49,755**	52,847
Fee and commission expense	**(6,895)**	(6,471)
Net fee and commission income	**42,860**	46,376

3 Net trading gains

	Six month period ended 30 June	
	2024	**2023**
Net gains from foreign exchange and foreign exchange products	**2,817**	6,132
Net gains from interest rate products	**6,938**	9,718
Net gains from fund investments and equity products	**2,550**	1,028
Net gains from commodity products	**2,175**	737
Total(1)	**14,480**	17,615

(1) For the six month period ended 30 June 2024, included in "Net trading gains" above were losses of RMB617 million in relation to financial assets and financial liabilities designated as at fair value through profit or loss (Six month period ended 30 June 2023: gains of RMB343 million).

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

4 Net gains/(losses) on transfers of financial assets

	Six month period ended 30 June	
	2024	**2023**
Net gains/(losses) on derecognition of financial assets at fair value through other comprehensive income	**2,709**	(556)
Net gains on derecognition of financial assets at amortised cost[1]	**1,770**	316
Total	**4,479**	(240)

(1) All the net gains on the derecognition of financial assets at amortised cost were resulted from disposals during the six month periods ended 30 June 2024 and 30 June 2023.

5 Other operating income

	Six month period ended 30 June	
	2024	**2023**
Revenue from sales of precious metal products	**11,776**	6,811
Aircraft leasing income	**6,576**	6,517
Insurance revenue	**5,981**	4,212
Dividend income	**2,190**	2,311
Gains on disposals of property and equipment, intangible assets and other assets	**786**	443
Changes in fair value of investment properties (Note III.20)	**(167)**	(48)
Other[1]	**2,208**	1,718
Total	**29,350**	21,964

(1) For the six month period ended 30 June 2024, government subsidy income from operating activities, as part of other operating income, was RMB111 million (Six month period ended 30 June 2023: RMB92 million).

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

6 Operating expenses

	Six month period ended 30 June	
	2024	**2023**
Staff costs (Note III.7)	**50,103**	50,173
General operating and administrative expenses[(1)]	**19,106**	19,766
Depreciation and amortisation	**11,762**	12,309
Cost of sales of precious metal products	**11,483**	6,600
Insurance service expenses	**5,048**	4,065
Insurance finance expenses	**2,883**	3,563
Taxes and surcharges	**3,291**	3,326
Other	**4,614**	4,498
Total[(2)]	**108,290**	104,300

(1) For the six month period ended 30 June 2024, included in the "General operating and administrative expenses" were lease expenses related to short-term operating leases, leases of low-value assets as well as interest expense on the lease liability and others of RMB525 million (Six month period ended 30 June 2023: RMB580 million).

(2) For the six month period ended 30 June 2024, included in the "Operating expenses" were premises and equipment-related expenses (mainly comprised property management and building maintenance expenses and taxes) of RMB5,771 million (Six month period ended 30 June 2023: RMB5,998 million).

7 Staff costs

	Six month period ended 30 June	
	2024	**2023**
Salary, bonus and subsidy	**35,338**	35,907
Staff welfare	**1,392**	1,616
Retirement benefits	**19**	20
Social insurance		
— Medical	**2,004**	1,847
— Pension	**3,602**	3,304
— Annuity	**2,083**	2,048
— Unemployment	**138**	114
— Injury at work	**53**	45
— Maternity insurance	**62**	57
Housing funds	**2,749**	2,597
Labour union fee and staff education fee	**565**	577
Reimbursement for cancellation of labour contract	**32**	11
Other	**2,066**	2,030
Total	**50,103**	50,173

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

8 Credit impairment losses

	Six month period ended 30 June	
	2024	**2023**
Loans and advances		
— Loans and advances at amortised cost	**72,765**	62,125
— Loans and advances at fair value through other comprehensive income	**(81)**	(128)
Subtotal	**72,684**	61,997
Financial investments		
— Financial assets at amortised cost	**(447)**	(204)
— Financial assets at fair value through other comprehensive income	**(747)**	1,009
Subtotal	**(1,194)**	805
Credit commitments	**(10,298)**	(1,047)
Other	**(674)**	(1,192)
Total	**60,518**	60,563

9 Income tax expense

	Six month period ended 30 June	
	2024	**2023**
Current income tax		
— Chinese mainland income tax	**17,460**	21,793
— Hong Kong (China) profits tax	**3,528**	2,843
— Macao (China), Taiwan (China) and other countries and regions taxation	**3,361**	3,343
Adjustments in respect of current income tax of prior years	**(790)**	(232)
Subtotal	**23,559**	27,747
Deferred income tax (Note III.25.3)	**(892)**	(516)
Total	**22,667**	27,231

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

9 Income tax expense (Continued)

Provision for Chinese mainland income tax includes income tax based on the statutory tax rate of 25% of the taxable income of the Bank and each of its subsidiaries established in the Chinese mainland, and supplementary PRC tax on overseas operations as determined in accordance with the relevant PRC income tax rules and regulations.

Taxation on profits of Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions has been calculated on the estimated assessable profits in accordance with local tax regulations at the rates of taxation prevailing in the countries or regions in which the Group operates.

The tax rate on the Group's profit before income tax differs from the theoretical amount that would arise using the basic Chinese mainland tax rate of the Bank as follows:

	Six month period ended 30 June	
	2024	**2023**
Profit before income tax	**149,203**	154,919
Tax calculated at the basic Chinese mainland tax rate	**37,301**	38,730
Effect of different tax rates for Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**(2,878)**	(2,656)
Supplementary PRC tax on overseas income	**2,414**	1,868
Income not subject to tax(1)	**(19,696)**	(19,079)
Items not deductible for tax purposes(2)	**5,682**	9,489
Other	**(156)**	(1,121)
Income tax expense	**22,667**	27,231

(1) Income not subject to tax mainly comprises interest income from PRC treasury bonds and Chinese local government bonds, and tax-free income recognised by the overseas entities in accordance with the relevant local tax law.

(2) Non-deductible items primarily include non-deductible losses resulting from the write-off of certain non-performing loans, and entertainment expenses in excess of the relevant deductible threshold under the relevant PRC tax regulations.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

9 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* ("Pillar Two").

The Group is within the scope of the Pillar Two rules. As at 30 June 2024, Chinese mainland has not legislated Pillar Two. Some of the countries where the Group operates have officially enacted Pillar Two legislation, which have come into effect from 1 January 2024. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023. As at 30 June 2024, the implementation of Pillar Two has no significant impact on the Group's condensed consolidated interim financial statements.

10 Earnings per share

Basic earnings per share was computed by dividing the profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share was computed by dividing the adjusted profit attributable to the ordinary shareholders of the Bank based on assuming conversion of all potentially dilutive shares for the period by the adjusted weighted average number of ordinary shares in issue. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding for the six month periods ended 30 June 2024 and 30 June 2023.

	Six month period ended 30 June	
	2024	**2023**
Profit attributable to equity holders of the Bank	**118,601**	120,095
Less: dividends/interest on preference shares/ perpetual bonds declared	**(13,267)**	(12,263)
Profit attributable to ordinary shareholders of the Bank	**105,334**	107,832
Weighted average number of ordinary shares in issue (in million shares)	**294,388**	294,388
Basic and diluted earnings per share (in RMB)	**0.36**	0.37

11 Other comprehensive income

	Six month period ended 30 June	
	2024	**2023**
Items that will not be reclassified to profit or loss		
Actuarial (losses)/gains on defined benefit plans	**(10)**	67
Changes in fair value on equity instruments designated at fair value through other comprehensive income	**2,391**	2,209
Less: related income tax impact	**(563)**	(459)
Other	**48**	(3)
Subtotal	**1,866**	1,814
Items that may be reclassified to profit or loss		
Changes in fair value on debt instruments measured at fair value through other comprehensive income	**34,034**	12,475
Less: related income tax impact	**(7,641)**	(2,822)
Amount transferred to the income statement	**(2,709)**	556
Less: related income tax impact	**522**	(141)
	24,206	10,068
Allowance for credit losses on debt instruments measured at fair value through other comprehensive income	**(865)**	914
Less: related income tax impact	**207**	(221)
	(658)	693
Finance expenses from insurance contracts issued	**(4,699)**	(2,079)
Less: related income tax impact	**156**	106
	(4,543)	(1,973)
Exchange differences from the translation of foreign operations	**1,209**	14,725
Other	**191**	193
Subtotal	**20,405**	23,706
Total	**22,271**	25,520

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

11 Other comprehensive income (Continued)

Other comprehensive income attributable to equity holders of the Bank in the consolidated interim statement of financial position:

	Gains on financial assets at fair value through other comprehensive income	Exchange differences from the translation of foreign operations	Other	Total
As at 1 January 2023	7,090	(7,703)	6,118	5,505
Changes for the year ended 31 December 2023	24,225	5,138	(149)	29,214
As at 31 December 2023 and 1 January 2024	**31,315**	**(2,565)**	**5,969**	**34,719**
Changes for the period ended 30 June 2024	**25,108**	**707**	**(2,145)**	**23,670**
As at 30 June 2024	**56,423**	**(1,858)**	**3,824**	**58,389**

12 Cash and due from banks and other financial institutions

	As at 30 June 2024	As at 31 December 2023
Cash	**66,373**	67,571
Due from banks in Chinese mainland	**595,413**	387,672
Due from other financial institutions in Chinese mainland	**38,337**	18,847
Due from banks in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**116,619**	93,134
Due from other financial institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**2,040**	1,110
Subtotal(1)	**752,409**	500,763
Accrued interest	**2,388**	1,822
Less: allowance for impairment losses(1)	**(1,237)**	(1,301)
Subtotal due from banks and other financial institutions	**753,560**	501,284
Total	**819,933**	568,855

(1) As at 30 June 2024 and 31 December 2023, the Group included the predominant majority of due from banks and other financial institutions under Stage 1, and measured the impairment losses based on expected credit losses in the next 12 months ("12-month ECL").

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

13 Balances with central banks

	As at 30 June 2024	As at 31 December 2023
Mandatory reserves(1)	**1,619,655**	1,668,454
Surplus reserves and others(2)	**855,350**	1,274,398
Subtotal	**2,475,005**	2,942,852
Accrued interest	**1,052**	1,346
Less: allowance for impairment losses	**(2,521)**	(3,058)
Total	**2,473,536**	2,941,140

(1) The Group places mandatory reserve funds with the People's Bank of China (the "PBOC") and the central banks of Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions where it has operations. As at 30 June 2024, mandatory reserve funds placed with the PBOC were calculated at 8.5% (31 December 2023: 9.0%) and 4.0% (31 December 2023: 4.0%) of qualified RMB deposits and foreign currency deposits from customers in Chinese mainland of the Bank, respectively. The mandatory reserve funds placed with the central bank of domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve funds placed with the central banks of other jurisdictions are determined by local regulators.

(2) These represent funds for clearing purposes and balances other than mandatory reserves placed with the PBOC, the central banks of Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

14 Placements with and loans to banks and other financial institutions

	As at 30 June 2024	As at 31 December 2023
Placements with and loans to:		
Banks in Chinese mainland	**388,325**	229,088
Other financial institutions in Chinese mainland	**808,016**	719,913
Banks in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**234,783**	244,024
Other financial institutions in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**42,144**	35,950
Subtotal(1) (2) (3)	**1,473,268**	1,228,975
Accrued interest	**5,327**	6,359
Less: allowance for impairment losses(3)	**(1,369)**	(1,446)
Total	**1,477,226**	1,233,888

(1) As at 30 June 2024, the carrying amount of "Placements with and loans to banks and other financial institutions" measured at fair value through profit or loss of the Group was RMB25,286 million (31 December 2023: Nil).

The Group designates certain placements with and loans to banks and other financial institutions as financial assets measured at fair value through profit or loss, to eliminate or significantly reduce accounting mismatches. As at 30 June 2024, the carrying amount of the above-mentioned financial assets of the Group was RMB5,270 million (31 December 2023: RMB18,126 million).

(2) "Placements with and loans to banks and other financial institutions" include balances arising from reverse repo agreements and collateralised financing agreements. They are presented by collateral type as follows:

	As at 30 June 2024	As at 31 December 2023
Debt securities		
— Governments	**239,298**	152,597
— Policy banks	**311,958**	209,004
— Financial institutions	**9,243**	21,865
— Corporate	**379**	310
Subtotal	**560,878**	383,776
Less: allowance for impairment losses	**(293)**	(299)
Total	**560,585**	383,477

(3) As at 30 June 2024 and 31 December 2023, the Group included the predominant majority of its placements with and loans to banks and other financial institutions under Stage 1, and measured the impairment losses based on 12-month ECL.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

15 Derivative financial instruments

The Group enters into foreign currency exchange rate, interest rate, equity, credit or precious metals and other commodity-related derivative financial instruments for trading, hedging, asset and liability management and customer initiated transactions.

The contractual/notional amounts and fair values of derivative financial instruments held by the Group are set out in the following table. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with the fair values of instruments recognised in the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, foreign currency exchange rates, credit spreads, or equity/commodity prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	As at 30 June 2024			As at 31 December 2023		
	Contractual/ Notional amount	Fair value		Contractual/ Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Exchange rate derivatives						
Currency forwards and swaps, and cross-currency interest rate swaps	**9,680,123**	**89,616**	**(74,730)**	8,730,966	92,586	(85,583)
Currency options	**1,073,265**	**5,064**	**(5,536)**	735,082	5,735	(5,646)
Currency futures	**17,512**	**41**	**(33)**	2,568	6	(11)
Subtotal	**10,770,900**	**94,721**	**(80,299)**	9,468,616	98,327	(91,240)
Interest rate derivatives						
Interest rate swaps	**5,986,373**	**46,775**	**(41,190)**	5,605,842	41,836	(36,028)
Interest rate options	**15,209**	**155**	**(155)**	15,749	216	(216)
Interest rate futures	**40,739**	**21**	**(9)**	22,196	9	(21)
Subtotal	**6,042,321**	**46,951**	**(41,354)**	5,643,787	42,061	(36,265)
Equity derivatives	**5,202**	**86**	**(152)**	5,566	118	(76)
Commodity derivatives and other	**408,865**	**6,824**	**(10,509)**	525,425	6,244	(8,392)
Total[1]	**17,227,288**	**148,582**	**(132,314)**	15,643,394	146,750	(135,973)

(1) Derivative financial instruments include those designated as hedging instruments by the Group.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

16 Loans and advances to customers

16.1 Analysis of loans and advances to customers by measurement category

	As at 30 June 2024	As at 31 December 2023
Measured at amortised cost		
— Corporate loans and advances	**13,730,811**	12,577,901
— Personal loans	**6,760,551**	6,609,965
— Discounted bills	**7,644**	1,345
Measured at fair value through other comprehensive income(1)		
— Corporate loans and advances	**1,318**	4,089
— Discounted bills	**584,816**	711,012
Subtotal	**21,085,140**	19,904,312
Measured at fair value through profit or loss(2)		
— Corporate loans and advances	**3,838**	3,675
Total	**21,088,978**	19,907,987
Accrued interest	**53,852**	53,792
Total loans and advances	**21,142,830**	19,961,779
Less: allowance for loans at amortised cost	**(526,690)**	(484,908)
Loans and advances to customers, net	**20,616,140**	19,476,871

(1) As at 30 June 2024, the allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income of the Group amounted to RMB267 million (31 December 2023: RMB390 million) and was credited to other comprehensive income.

(2) During the six month period ended 30 June 2024 and the year ended 31 December 2023, there were no significant movements in the fair value and accumulated fair value changes of loans and advances measured at fair value through profit or loss that are attributable to changes in credit risk of these loans.

16.2 Analysis of loans and advances to customers (accrued interest excluded) by geographical area, customer type, industry, collateral type and analysis of impaired and overdue loans and advances to customers are presented in Note IV.1.1.

16 Loans and advances to customers (Continued)

16.3 Reconciliation of allowance for impairment losses on loans and advances to customers

(1) Allowance for loans at amortised cost

	Six month period ended 30 June 2024			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	**224,063**	**80,983**	**179,862**	**484,908**
Transfers to Stage 1	**8,057**	**(6,893)**	**(1,164)**	**–**
Transfers to Stage 2	**(3,433)**	**6,769**	**(3,336)**	**–**
Transfers to Stage 3	**(322)**	**(7,755)**	**8,077**	**–**
Impairment (reversal)/losses of loans due to stage transfers	**(7,456)**	**24,884**	**24,034**	**41,462**
Charge for the period(i)	**81,555**	**18,443**	**15,971**	**115,969**
Reversal for the period(ii)	**(62,092)**	**(11,974)**	**(10,600)**	**(84,666)**
Write-off and transfer out	**–**	**–**	**(38,578)**	**(38,578)**
Recovery of loans and advances written off	**–**	**–**	**7,859**	**7,859**
Foreign exchange and other movements	**(67)**	**(86)**	**(111)**	**(264)**
As at 30 June	**240,305**	**104,371**	**182,014**	**526,690**

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	205,195	59,062	172,499	436,756
Transfers to Stage 1	9,763	(5,804)	(3,959)	–
Transfers to Stage 2	(4,261)	13,571	(9,310)	–
Transfers to Stage 3	(1,125)	(16,700)	17,825	–
Impairment (reversal)/losses of loans due to stage transfers	(9,214)	31,443	49,286	71,515
Charge for the year(i)	99,690	17,345	28,929	145,964
Reversal for the year(ii)	(76,299)	(18,155)	(16,812)	(111,266)
Write-off and transfer out	–	–	(72,554)	(72,554)
Recovery of loans and advances written off	–	–	13,889	13,889
Foreign exchange and other movements	314	221	69	604
As at 31 December	224,063	80,983	179,862	484,908

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

16 Loans and advances to customers (Continued)

16.3 Reconciliation of allowance for impairment losses on loans and advances to customers (Continued)

(2) Allowance for loans at fair value through other comprehensive income

	Six month period ended 30 June 2024			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	**385**	**5**	**–**	**390**
Transfers to Stage 1	**–**	**–**	**–**	**–**
Transfers to Stage 2	**–**	**–**	**–**	**–**
Transfers to Stage 3	**–**	**–**	**–**	**–**
Impairment (reversal)/losses of loans due to stage transfers	**–**	**–**	**–**	**–**
Charge for the period[i]	**265**	**2**	**–**	**267**
Reversal for the period[ii]	**(343)**	**(5)**	**–**	**(348)**
Foreign exchange and other movements	**(42)**	**–**	**–**	**(42)**
As at 30 June	**265**	**2**	**–**	**267**

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	479	6	–	485
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Impairment (reversal)/losses of loans due to stage transfers	–	–	–	–
Charge for the year[i]	355	5	–	360
Reversal for the year[ii]	(453)	(6)	–	(459)
Foreign exchange and other movements	4	–	–	4
As at 31 December	385	5	–	390

(i) Charge for the period/year comprises impairment losses attributable to new loans granted, brought forward loans without stage transfers, as well as changes to model and risk parameters, during the period/year.

(ii) Reversal for the period/year comprises impairment losses attributable to loan repaid, brought forward loans without stage transfers, as well as changes to model and risk parameters, during the period/year.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments

	As at 30 June 2024	As at 31 December 2023
Financial assets at fair value through profit or loss		
Financial assets held for trading and other financial assets at fair value through profit or loss		
Debt securities		
Issuers in Chinese mainland		
— Government	**50,473**	31,540
— Public sectors and quasi-governments	**362**	205
— Policy banks	**31,391**	28,831
— Financial institutions	**134,530**	140,370
— Corporate	**19,654**	18,032
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions		
— Governments	**40,851**	35,089
— Public sectors and quasi-governments	**1,415**	1,504
— Financial institutions	**23,408**	24,105
— Corporate	**16,352**	17,038
	318,436	296,714
Equity instruments	**113,289**	112,434
Fund investments and other	**108,121**	101,803
Total financial assets held for trading and other financial assets at fair value through profit or loss	**539,846**	510,951
Financial assets designated as at fair value through profit or loss		
Debt securities[(1)]		
Issuers in Chinese mainland		
— Government	**7,141**	7,198
— Policy banks	**85**	84
— Financial institutions	**6,764**	8,455
— Corporate	**2,158**	1,633
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions		
— Governments	**3,618**	2,389
— Public sectors and quasi-governments	**791**	572
— Financial institutions	**8,754**	6,358
— Corporate	**16,243**	12,781
Total financial assets designated as at fair value through profit or loss	**45,554**	39,470
Total financial assets at fair value through profit or loss	**585,400**	550,421

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments (Continued)

	As at 30 June 2024	As at 31 December 2023
Financial assets at fair value through other comprehensive income		
Debt securities		
Issuers in Chinese mainland		
— Government	**1,431,728**	1,303,244
— Public sectors and quasi-governments	**95,327**	92,260
— Policy banks	**560,574**	498,501
— Financial institutions	**250,349**	208,123
— Corporate	**170,410**	169,338
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions		
— Governments	**622,874**	593,242
— Public sectors and quasi-governments	**129,412**	81,426
— Financial institutions	**173,129**	168,890
— Corporate	**96,971**	100,959
	3,530,774	3,215,983
Equity instruments and other(2)	**35,264**	32,130
Total financial assets at fair value through other comprehensive income(3)	**3,566,038**	3,248,113
Financial assets at amortised cost		
Debt securities		
Issuers in Chinese mainland		
— Government	**2,377,517**	2,435,134
— Public sectors and quasi-governments	**77,628**	75,889
— Policy banks	**190,779**	197,520
— Financial institutions	**23,496**	43,645
— Corporate	**8,677**	12,668
— China Orient(4)	**152,433**	152,433
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions		
— Governments	**166,869**	194,020
— Public sectors and quasi-governments	**122,445**	119,169
— Financial institutions	**75,576**	70,788
— Corporate	**10,083**	10,285
	3,205,503	3,311,551
Investment trusts, asset management plans and other	**26,479**	23,761
Accrued interest	**33,782**	35,568
Less: allowance for impairment losses	**(10,296)**	(10,697)
Total financial assets at amortised cost	**3,255,468**	3,360,183
Total financial investments(5)	**7,406,906**	7,158,717

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments (Continued)

	As at 30 June 2024	As at 31 December 2023
Analysed as follows:		
Financial assets at fair value through profit or loss		
— Listed in Hong Kong, China	**39,470**	41,361
— Listed outside Hong Kong, China(6)	**290,327**	275,651
— Unlisted	**255,603**	233,409
Financial assets at fair value through other comprehensive income		
Debt securities		
— Listed in Hong Kong, China	**157,631**	159,280
— Listed outside Hong Kong, China(6)	**2,804,574**	2,502,199
— Unlisted	**568,569**	554,504
Equity instruments and other		
— Listed in Hong Kong, China	**5,419**	4,942
— Listed outside Hong Kong, China(6)	**12,939**	12,384
— Unlisted	**16,906**	14,804
Financial assets at amortised cost		
— Listed in Hong Kong, China	**20,659**	20,934
— Listed outside Hong Kong, China(6)	**2,940,191**	3,042,487
— Unlisted	**294,618**	296,762
Total	**7,406,906**	7,158,717
Listed in Hong Kong, China	**223,179**	226,517
Listed outside Hong Kong, China(6)	**6,048,031**	5,832,721
Unlisted	**1,135,696**	1,099,479
Total	**7,406,906**	7,158,717

	As at 30 June 2024		As at 31 December 2023	
	Carrying value	Market value	Carrying value	Market value
Debt securities at amortised cost				
— Listed in Hong Kong, China	**20,659**	**20,044**	20,934	20,384
— Listed outside Hong Kong, China(6)	**2,940,191**	**3,099,414**	3,042,487	3,131,874

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments (Continued)

(1) In order to eliminate or significantly reduce accounting mismatches, certain debt securities are designated as financial assets at fair value through profit or loss.

(2) The Group designates certain non-trading equity instrument investments as financial investments measured at FVOCI. Investments in equity instruments in this category are mainly financial institution-type investments. For the six month period ended 30 June 2024, dividend income from such equity investments was RMB124 million (Six month period ended 30 June 2023: RMB192 million). For the six month period ended 30 June 2024, the value of equity investments disposed of was RMB337 million (Six month period ended 30 June 2023: RMB726 million) and the related cumulative losses transferred into undistributed profits from other comprehensive income was RMB131 million (Six month period ended 30 June 2023: cumulative gains of RMB123 million).

(3) The Group's accumulated impairment allowance for the debt securities at fair value through other comprehensive income as at 30 June 2024 amounted to RMB7,066 million (31 December 2023: RMB7,808 million).

(4) The Bank transferred certain non-performing assets to China Orient Asset Management Corporation ("China Orient") in 1999 and 2000 and China Orient issued a bond ("Orient Bond") with a par value of RMB160,000 million to the Bank as consideration. Based on the latest agreement, the Orient Bond will mature on 30 June 2025. The Ministry of Finance of the People's Republic of China (the "MOF") shall continue to provide funding support for the principal and interest of the Orient Bond. The Bank received a notice from the MOF in January 2020, confirming that from 1 January 2020, the interest rate on the unpaid amounts will be verified year by year based on the rate of return of the five-year treasury bond of the previous year. As at 30 June 2024, the Bank had received early repayments of principal amounting to RMB7,567 million cumulatively.

(5) As at 30 June 2024, RMB4,000 million of debt securities measured at fair value through other comprehensive income and at amortised cost of the Group was included under Stage 3 (31 December 2023: RMB3,957 million) with an impairment allowance of RMB3,399 million (31 December 2023: RMB3,295 million); RMB23,610 million of debt securities was included under Stage 2 (31 December 2023: RMB26,655 million), with an impairment allowances of RMB678 million (31 December 2023: RMB1,089 million); and the remaining debt securities were included under Stage 1, with impairment allowances measured based on 12-month ECL.

(6) Debt securities traded in the Chinese mainland interbank bond market are included in "Listed outside Hong Kong, China".

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments (Continued)

Reconciliation of allowance for impairment losses on financial investments at amortised cost:

	Six month period ended 30 June 2024			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	**2,808**	**94**	**7,795**	**10,697**
Transfers to Stage 2	**–**	**–**	**–**	**–**
Transfers to Stage 3	**–**	**–**	**–**	**–**
Impairment losses due to stage transfers	**–**	**–**	**–**	**–**
Impairment (reversal)/losses for the period	**(474)**	**(24)**	**51**	**(447)**
Foreign exchange and other movements	**3**	**–**	**43**	**46**
As at 30 June	**2,337**	**70**	**7,889**	**10,296**

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	2,812	68	7,007	9,887
Transfers to Stage 2	(3)	3	–	–
Transfers to Stage 3	–	(13)	13	–
Impairment losses due to stage transfers	–	12	496	508
Impairment losses during the year	141	24	261	426
Foreign exchange and other movements	(142)	–	18	(124)
As at 31 December	2,808	94	7,795	10,697

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

17 Financial investments (Continued)

Reconciliation of allowance for impairment losses on financial investments at fair value through other comprehensive income:

	Six month period ended 30 June 2024			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	**6,513**	**995**	**300**	**7,808**
Transfers to Stage 1	**4**	**(4)**	**–**	**–**
Transfers to Stage 2	**–**	**–**	**–**	**–**
Impairment (reversal)/losses due to stage transfers	**(1)**	**1**	**–**	**–**
Impairment reversal for the period	**(364)**	**(383)**	**–**	**(747)**
Foreign exchange and other movements	**6**	**(1)**	**–**	**5**
As at 30 June	**6,158**	**608**	**300**	**7,066**

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	5,305	103	300	5,708
Transfers to Stage 2	(150)	150	–	–
Impairment losses due to stage transfers	–	766	–	766
Impairment losses/(reversal) during the year	1,348	(22)	–	1,326
Foreign exchange and other movements	10	(2)	–	8
As at 31 December	6,513	995	300	7,808

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

18 Property and equipment

	Six month period ended 30 June 2024			
	Buildings	Equipment and motor vehicles	Aircraft	Total
Cost				
As at 1 January	130,438	75,636	169,675	375,749
Additions	168	869	1,087	2,124
Transfer from investment properties (Note III.20)	7	–	–	7
Construction in progress transfer in (Note III.19)	587	201	905	1,693
Deductions	(206)	(1,590)	(3,974)	(5,770)
Exchange differences	(33)	15	1,217	1,199
As at 30 June	130,961	75,131	168,910	375,002
Accumulated depreciation				
As at 1 January	(51,776)	(61,052)	(29,755)	(142,583)
Additions	(2,056)	(2,944)	(2,815)	(7,815)
Deductions	3	1,299	1,417	2,719
Transfer to investment properties (Note III.20)	10	–	–	10
Exchange differences	7	(12)	(225)	(230)
As at 30 June	(53,812)	(62,709)	(31,378)	(147,899)
Allowance for impairment losses				
As at 1 January	(716)	–	(5,315)	(6,031)
Additions	(1)	–	(41)	(42)
Deductions	2	–	12	14
Exchange differences	(2)	–	(34)	(36)
As at 30 June	(717)	–	(5,378)	(6,095)
Net book value				
As at 1 January	77,946	14,584	134,605	227,135
As at 30 June	76,432	12,422	132,154	221,008

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

18 Property and equipment (Continued)

	Year ended 31 December 2023			
	Buildings	Equipment and motor vehicles	Aircraft	Total
Cost				
As at 1 January	128,609	76,543	166,450	371,602
Additions	332	5,405	6,751	12,488
Transfer from investment properties (Note III.20)	213	–	–	213
Construction in progress transfer in (Note III.19)	2,946	534	3,736	7,216
Deductions	(2,161)	(6,984)	(10,002)	(19,147)
Exchange differences	499	138	2,740	3,377
As at 31 December	130,438	75,636	169,675	375,749
Accumulated depreciation				
As at 1 January	(49,222)	(61,115)	(25,909)	(136,246)
Additions	(4,200)	(6,545)	(5,562)	(16,307)
Deductions	1,786	6,731	2,175	10,692
Transfer to investment properties (Note III.20)	24	–	–	24
Exchange differences	(164)	(123)	(459)	(746)
As at 31 December	(51,776)	(61,052)	(29,755)	(142,583)
Allowance for impairment losses				
As at 1 January	(727)	–	(7,853)	(8,580)
Additions	(1)	–	(62)	(63)
Deductions	8	–	2,720	2,728
Exchange differences	4	–	(120)	(116)
As at 31 December	(716)	–	(5,315)	(6,031)
Net book value				
As at 1 January	78,660	15,428	132,688	226,776
As at 31 December	77,946	14,584	134,605	227,135

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

19 Construction in progress

	Six month period ended 30 June 2024	Year ended 31 December 2023
Cost		
As at 1 January	**20,554**	19,840
Additions	**1,005**	8,043
Transfer to property and equipment (Note III.18)	**(1,693)**	(7,216)
Deductions	**(472)**	(284)
Exchange differences	**103**	171
As at 30 June/31 December	**19,497**	20,554
Allowance for impairment losses		
As at 1 January	**(208)**	(227)
Additions	**–**	–
Deductions	**–**	19
Exchange differences	**–**	–
As at 30 June/31 December	**(208)**	(208)
Net book value		
As at 1 January	**20,346**	19,613
As at 30 June/31 December	**19,289**	20,346

20 Investment properties

	Six month period ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**22,704**	23,311
Additions	**86**	200
Transfer to property and equipment, net (Note III.18)	**(17)**	(237)
Deductions	**–**	(273)
Fair value changes (Note III.5)	**(167)**	(632)
Exchange differences	**168**	335
As at 30 June/31 December	**22,774**	22,704

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

21 Other assets

	As at 30 June 2024	As at 31 December 2023
Accounts receivable and prepayments	**118,855**	83,359
Insurance contract assets[(1)]	**39,577**	44,674
Right-of-use assets[(2)]	**18,248**	18,958
Intangible assets	**20,940**	20,702
Land use rights	**6,380**	5,713
Long-term deferred expense	**3,439**	3,556
Goodwill[(3)]	**2,756**	2,685
Repossessed assets[(4)]	**2,893**	3,152
Interest receivable	**2,026**	1,240
Other	**35,849**	36,871
Total	**250,963**	220,910

(1) Insurance contracts assets comprise the carrying amount of portfolios of insurance contracts issued and reinsurance contracts held that are assets.

(2) Right-of-use assets

	Six month period ended 30 June 2024		
	Buildings	Motor vehicles and other	Total
Cost			
As at 1 January	**39,046**	**469**	**39,515**
Additions	**2,896**	**26**	**2,922**
Deductions	**(3,293)**	**(43)**	**(3,336)**
Exchange differences	**(39)**	**–**	**(39)**
As at 30 June	**38,610**	**452**	**39,062**
Accumulated depreciation			
As at 1 January	**(20,260)**	**(297)**	**(20,557)**
Additions	**(3,141)**	**(50)**	**(3,191)**
Deductions	**2,852**	**41**	**2,893**
Exchange differences	**39**	**2**	**41**
As at 30 June	**(20,510)**	**(304)**	**(20,814)**
Net book value			
As at 1 January	**18,786**	**172**	**18,958**
As at 30 June	**18,100**	**148**	**18,248**

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

21 Other assets (Continued)

(2) Right-of-use assets (Continued)

	Year ended 31 December 2023		
	Buildings	Motor vehicles and other	Total
Cost			
As at 1 January	38,826	397	39,223
Additions	5,874	101	5,975
Deductions	(5,895)	(30)	(5,925)
Exchange differences	241	1	242
As at 31 December	39,046	469	39,515
Accumulated depreciation			
As at 1 January	(19,320)	(194)	(19,514)
Additions	(6,407)	(132)	(6,539)
Deductions	5,532	29	5,561
Exchange differences	(65)	–	(65)
As at 31 December	(20,260)	(297)	(20,557)
Net book value			
As at 1 January	19,506	203	19,709
As at 31 December	18,786	172	18,958

(3) Goodwill

	Six month period ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**2,685**	2,651
Addition through acquisition of subsidiaries(i)	**54**	–
Decrease resulting from disposals of subsidiaries	**–**	–
Exchange differences	**17**	34
As at 30 June/31 December(ii)	**2,756**	2,685

(i) In 2024 and 2023, the Group paid CCB Brazil Financial Holding – Investimentos e Participações Ltda. BRL564 million (equivalent to approximately RMB817 million) as the consideration for certain existing shares of China Construction Bank (Brasil) Banco Múltiplo S/A ("CCB Brasil") and BRL540 million (equivalent to approximately RMB764 million) to subscribe for certain new shares issued by CCB Brasil, respectively. As at 31 January 2024, the Group completed the acquisition and obtained control over the operations of CCB Brasil. Upon the completion of such acquisition, it became a 68.34% owned subsidiary of the Group and it is included in the scope of consolidation since 1 February 2024. As at 30 June 2024, the consolidation and resulting goodwill was based on the provisional amounts of the items relating to the above business combination.

(ii) The goodwill mainly arose from the acquisition of BOC Aviation Limited in 2006 amounting to USD241 million (equivalent to RMB1,716 million).

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

21 Other assets (Continued)

(4) Repossessed assets

As at 30 June 2024, the net book amount of repossessed assets was RMB2,893 million (31 December 2023: RMB3,152 million), mainly comprised properties. Related allowance for impairment was RMB760 million (31 December 2023: RMB828 million).

The total book value of the repossessed assets disposed of for the six month period ended 30 June 2024 amounted to RMB572 million (2023: RMB644 million). The Group plans to dispose of the repossessed assets held at 30 June 2024 by auction, bidding or transfer.

22 Financial liabilities held for trading

As at 30 June 2024 and 31 December 2023, financial liabilities held for trading mainly included short position in debt securities.

23 Due to customers

	As at 30 June 2024	As at 31 December 2023
Demand deposits		
— Corporate deposits	**5,252,212**	5,639,238
— Personal deposits	**4,073,561**	3,782,330
Subtotal	**9,325,773**	9,421,568
Time deposits		
— Corporate deposits	**6,012,655**	5,592,463
— Personal deposits	**7,016,594**	6,662,417
Subtotal	**13,029,249**	12,254,880
Structured deposits(1)		
— Corporate deposits	**376,948**	298,621
— Personal deposits	**206,906**	235,724
Subtotal	**583,854**	534,345
Certificates of deposit	**300,749**	310,212
Other deposits	**84,819**	81,830
Subtotal due to customers	**23,324,444**	22,602,835
Accrued interest	**306,262**	304,215
Total(2)	**23,630,706**	22,907,050

(1) According to the Group's risk management policy, the Group enters into derivatives to hedge market risks arising from its structured deposits. The Group designates certain structured deposits as financial liabilities at fair value through profit or loss, to eliminate or significantly reduce accounting mismatches. As at 30 June 2024, the carrying amount of these financial liabilities was RMB37,338 million (31 December 2023: RMB47,657 million). The differences between the fair value and the amount that the Group would be contractually required to pay to the holders as at 30 June 2024 and 31 December 2023 were not significant. For the six month period ended 30 June 2024 and the year ended 31 December 2023, there was no significant change in the Group's credit risk nor changes in the fair value of these financial liabilities as a result.

(2) Due to customers included margin deposits received by the Group as at 30 June 2024 of RMB480,380 million (31 December 2023: RMB585,801 million).

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

24 Bonds issued

	Issue date	Maturity date	Annual interest rate	As at 30 June 2024	As at 31 December 2023
Bonds issued at amortised cost					
Tier 2 capital bonds issued					
2014 US Dollar Debt Securities[1]	13 November 2014	13 November 2024	5.00%	**21,369**	21,231
2019 RMB Debt Securities First Tranche 01[2]	20 September 2019	24 September 2029	3.98%	**29,991**	29,990
2019 RMB Debt Securities First Tranche 02[3]	20 September 2019	24 September 2034	4.34%	**9,996**	9,996
2019 RMB Debt Securities Second Tranche[4]	20 November 2019	22 November 2029	4.01%	**29,990**	29,993
2020 RMB Debt Securities First Tranche 01[5]	17 September 2020	21 September 2030	4.20%	**59,977**	59,975
2020 RMB Debt Securities First Tranche 02[6]	17 September 2020	21 September 2035	4.47%	**14,994**	14,994
2021 RMB Debt Securities First Tranche 01[7]	17 March 2021	19 March 2031	4.15%	**14,995**	14,995
2021 RMB Debt Securities First Tranche 02[8]	17 March 2021	19 March 2036	4.38%	**9,996**	9,996
2021 RMB Debt Securities Second Tranche 01[9]	12 November 2021	16 November 2031	3.60%	**39,986**	39,989
2021 RMB Debt Securities Second Tranche 02[10]	12 November 2021	16 November 2036	3.80%	**9,996**	9,997
2022 RMB Debt Securities First Tranche[11]	20 January 2022	24 January 2032	3.25%	**29,990**	29,993
2022 RMB Debt Securities Second Tranche 01[12]	24 October 2022	26 October 2032	3.02%	**44,993**	44,993
2022 RMB Debt Securities Second Tranche 02[13]	24 October 2022	26 October 2037	3.34%	**14,997**	14,998
2023 RMB Debt Securities First Tranche 01[14]	20 March 2023	22 March 2033	3.49%	**39,995**	39,995
2023 RMB Debt Securities First Tranche 02[15]	20 March 2023	22 March 2038	3.61%	**19,997**	19,998
2023 RMB Debt Securities Second Tranche 01[16]	19 September 2023	21 September 2033	3.25%	**29,997**	29,995
2023 RMB Debt Securities Second Tranche 02[17]	19 September 2023	21 September 2038	3.37%	**29,996**	29,995
2023 RMB Debt Securities Third Tranche 01[18]	19 October 2023	23 October 2033	3.43%	**44,993**	44,993
2023 RMB Debt Securities Third Tranche 02[19]	19 October 2023	23 October 2038	3.53%	**24,996**	24,996
2023 RMB Debt Securities Fourth Tranche 01[20]	1 December 2023	5 December 2033	3.30%	**14,997**	14,998
2023 RMB Debt Securities Fourth Tranche 02[21]	1 December 2023	5 December 2038	3.37%	**14,997**	14,998
2024 RMB Debt Securities First Tranche 01[22]	30 January 2024	1 February 2034	2.78%	**29,996**	–
2024 RMB Debt Securities First Tranche 02[23]	30 January 2024	1 February 2039	2.85%	**29,996**	–
2024 RMB Debt Securities Second Tranche 01[24]	2 April 2024	8 April 2034	2.62%	**34,995**	–
2024 RMB Debt Securities Second Tranche 02[25]	2 April 2024	8 April 2039	2.71%	**24,996**	–
Subtotal[26]				**671,221**	551,108
Other bonds issued[27]					
US Dollar Debt Securities				**192,485**	192,057
RMB Debt Securities[28] [29]				**259,128**	221,829
Other				**20,188**	30,382
Subtotal				**471,801**	444,268
Negotiable certificates of deposit				**900,355**	794,294
Subtotal-bonds issued at amortised cost				**2,043,377**	1,789,670
Bonds issued at fair value through profit or loss[30]				**4,143**	2,118
Subtotal-bonds issued				**2,047,520**	1,791,788
Accrued interest				**16,930**	10,658
Total bonds issued[31]				**2,064,450**	1,802,446

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

24 Bonds issued (Continued)

(1) The Bank issued tier 2 capital bonds in an amount of USD3 billion on 13 November 2014. The bonds have a maturity of 10 years with a fixed coupon rate of 5.00%.

(2) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 20 September 2019. The bonds have a maturity of 10 years with a fixed coupon rate of 3.98%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(3) The Bank issued tier 2 capital bonds in an amount of RMB10 billion on 20 September 2019. The bonds have a maturity of 15 years with a fixed coupon rate of 4.34%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(4) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 20 November 2019. The bonds have a maturity of 10 years with a fixed coupon rate of 4.01%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(5) The Bank issued tier 2 capital bonds in an amount of RMB60 billion on 17 September 2020. The bonds have a maturity of 10 years with a fixed coupon rate of 4.20%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(6) The Bank issued tier 2 capital bonds in an amount of RMB15 billion on 17 September 2020. The bonds have a maturity of 15 years with a fixed coupon rate of 4.47%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(7) The Bank issued tier 2 capital bonds in an amount of RMB15 billion on 17 March 2021. The bonds have a maturity of 10 years with a fixed coupon rate of 4.15%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(8) The Bank issued tier 2 capital bonds in an amount of RMB10 billion on 17 March 2021. The bonds have a maturity of 15 years with a fixed coupon rate of 4.38%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(9) The Bank issued tier 2 capital bonds in an amount of RMB40 billion on 12 November 2021. The bonds have a maturity of 10 years with a fixed coupon rate of 3.60%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(10) The Bank issued tier 2 capital bonds in an amount of RMB10 billion on 12 November 2021. The bonds have a maturity of 15 years with a fixed coupon rate of 3.80%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(11) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 20 January 2022. The bonds have a maturity of 10 years with a fixed coupon rate of 3.25%. The Bank is entitled to redeem the bonds at the end of the fifth year.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

24 Bonds issued (Continued)

(12) The Bank issued tier 2 capital bonds in an amount of RMB45 billion on 24 October 2022. The bonds have a maturity of 10 years with a fixed coupon rate of 3.02%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(13) The Bank issued tier 2 capital bonds in an amount of RMB15 billion on 24 October 2022. The bonds have a maturity of 15 years with a fixed coupon rate of 3.34%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(14) The Bank issued tier 2 capital bonds in an amount of RMB40 billion on 20 March 2023. The bonds have a maturity of 10 years with a fixed coupon rate of 3.49%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(15) The Bank issued tier 2 capital bonds in an amount of RMB20 billion on 20 March 2023. The bonds have a maturity of 15 years with a fixed coupon rate of 3.61%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(16) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 19 September 2023. The bonds have a maturity of 10 years with a fixed coupon rate of 3.25%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(17) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 19 September 2023. The bonds have a maturity of 15 years with a fixed coupon rate of 3.37%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(18) The Bank issued tier 2 capital bonds in an amount of RMB45 billion on 19 October 2023. The bonds have a maturity of 10 years with a fixed coupon rate of 3.43%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(19) The Bank issued tier 2 capital bonds in an amount of RMB25 billion on 19 October 2023. The bonds have a maturity of 15 years with a fixed coupon rate of 3.53%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(20) The Bank issued tier 2 capital bonds in an amount of RMB15 billion on 1 December 2023. The bonds have a maturity of 10 years with a fixed coupon rate of 3.30%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(21) The Bank issued tier 2 capital bonds in an amount of RMB15 billion on 1 December 2023. The bonds have a maturity of 15 years with a fixed coupon rate of 3.37%. The Bank is entitled to redeem the bonds at the end of the tenth year.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

24 Bonds issued (Continued)

(22) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 30 January 2024. The bonds have a maturity of 10 years with a fixed coupon rate of 2.78%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(23) The Bank issued tier 2 capital bonds in an amount of RMB30 billion on 30 January 2024. The bonds have a maturity of 15 years with a fixed coupon rate of 2.85%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(24) The Bank issued tier 2 capital bonds in an amount of RMB35 billion on 2 April 2024. The bonds have a maturity of 10 years with a fixed coupon rate of 2.62%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(25) The Bank issued tier 2 capital bonds in an amount of RMB25 billion on 2 April 2024. The bonds have a maturity of 15 years with a fixed coupon rate of 2.71%. The Bank is entitled to redeem the bonds at the end of the tenth year.

(26) The claims of the holders of tier 2 capital bonds will be subordinated to the claims of depositors and general creditors.

(27) US Dollar Debt Securities, RMB Debt Securities and other Debt Securities were issued in Chinese mainland, Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions between 2014 and 30 June 2024 by the Group with dates of maturity ranging from July 2024 to 2033.

(28) The Bank issued total loss-absorbing capacity eligible non-capital bonds in an amount of RMB25 billion on 16 May 2024. The bonds have a maturity of 4 years with a fixed coupon rate of 2.25%. The Bank is entitled to redeem the bonds at the end of the third year.

(29) The Bank issued total loss-absorbing capacity eligible non-capital bonds in an amount of RMB15 billion on 16 May 2024. The bonds have a maturity of 6 years with a fixed coupon rate of 2.35%. The Bank is entitled to redeem the bonds at the end of the fifth year.

(30) According to the Group's risk management policy, the Group enters into derivatives to hedge market risks arising from certain of its bonds issued. The Group designates certain bonds issued as financial liabilities at fair value through profit or loss, to eliminate or significantly reduce accounting mismatches. As at 30 June 2024, the carrying amount of the above-mentioned bonds issued by the Group was RMB4,143 million (31 December 2023: RMB2,118 million). The differences between the fair value and the amount that the Group would be contractually required to pay to the holders as at 30 June 2024 and 31 December 2023 were not significant. For the six month period ended 30 June 2024 and the year ended 31 December 2023, there was no significant change in the Group's credit risk nor changes in the fair value of these financial liabilities as a result.

(31) For the six month period ended 30 June 2024 and the year ended 31 December 2023, the Group did not default on any principal, interest or redemption amounts with respect to its bonds issued.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

25 Deferred income taxes

25.1 Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes are related to the same fiscal authority. The table below includes the deferred income tax assets and liabilities of the Group after offsetting qualifying amounts and the related temporary differences.

	As at 30 June 2024		As at 31 December 2023	
	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)
Deferred income tax assets	**276,160**	**70,038**	296,050	75,156
Deferred income tax liabilities	**(60,465)**	**(7,922)**	(55,920)	(7,397)
Net	**215,695**	**62,116**	240,130	67,759

25.2 Deferred income tax assets/liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

	As at 30 June 2024		As at 31 December 2023	
	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)
Deferred income tax assets				
Asset impairment allowances	**351,436**	**87,727**	319,479	79,510
Pension, retirement benefits and salary payables	**31,157**	**7,767**	37,502	9,359
Financial instruments at fair value through profit or loss and derivative financial instruments	**127,083**	**31,644**	125,953	31,396
Financial assets at fair value through other comprehensive income	**13,269**	**2,906**	13,009	2,780
Other temporary differences	**66,517**	**14,230**	73,198	16,387
Subtotal	**589,462**	**144,274**	569,141	139,432
Deferred income tax liabilities				
Financial instruments at fair value through profit or loss and derivative financial instruments	**(130,287)**	**(32,372)**	(126,838)	(31,581)
Financial assets at fair value through other comprehensive income	**(77,777)**	**(19,252)**	(47,421)	(11,652)
Depreciation and amortisation	**(49,690)**	**(6,058)**	(46,905)	(5,820)
Revaluation of investment properties	**(11,274)**	**(2,183)**	(10,933)	(2,104)
Other temporary differences	**(104,739)**	**(22,293)**	(96,914)	(20,516)
Subtotal	**(373,767)**	**(82,158)**	(329,011)	(71,673)
Net	**215,695**	**62,116**	240,130	67,759

As at 30 June 2024, deferred tax liabilities relating to temporary differences of RMB230,558 million associated with the Group's investments in subsidiaries have not been recognised (31 December 2023: RMB214,236 million).

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

25 Deferred income taxes (Continued)

25.3 Movements of the deferred income tax are as follows:

	Six month period ended 30 June 2024	Year ended 31 December 2023
As at 1 January	**67,759**	64,335
Credited to the income statement (Note III.9)	**892**	10,599
Charged to other comprehensive income	**(7,318)**	(7,012)
Other	**783**	(163)
As at 30 June/31 December	**62,116**	67,759

25.4 Breakdowns of deferred income tax credit/(charge) in the condensed consolidated interim income statement are as follows:

	Six month period ended 30 June	
	2024	2023
Asset impairment allowances	**7,390**	1,495
Financial instruments at fair value through profit or loss and derivative financial instruments	**(541)**	1,705
Pension, retirement benefits and salary payables	**(1,594)**	(1,128)
Other temporary differences	**(4,363)**	(1,556)
Total	**892**	516

26 Other liabilities

	As at 30 June 2024	As at 31 December 2023
Insurance contract liabilities	**285,165**	257,625
Items in the process of clearance and settlement	**117,276**	63,547
Dividends payable	**75,229**	722
Salary and welfare payables	**42,982**	52,117
Provision	**21,944**	31,776
— Allowance for credit commitments	**20,655**	30,917
— Allowance for litigation losses (Note III.29.1)	**1,289**	859
Lease liabilities	**18,392**	18,797
Deferred income	**6,946**	6,865
Other	**79,787**	80,709
Total	**647,721**	512,158

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

27 Other equity instruments

Movements of the Bank's other equity instruments are as follows:

	As at 1 January 2024		Increase/(decrease)		As at 30 June 2024	
	Quantity (million shares)	Issue amount	Quantity (million shares)	Issue amount	Quantity (million shares)	Issue amount
Preference Shares						
Domestic Preference Shares (Third Tranche)	730.0	73,000	–	–	730.0	73,000
Domestic Preference Shares (Fourth Tranche)	270.0	27,000	–	–	270.0	27,000
Offshore Preference Shares (Second Tranche)	197.9	19,787	–	–	197.9	19,787
Subtotal(1)	1,197.9	119,787	–	–	1,197.9	119,787
Perpetual Bonds						
2019 Undated Capital Bonds (Series 1)(2)		40,000		(40,000)		–
2020 Undated Capital Bonds (Series 1)		40,000		–		40,000
2020 Undated Capital Bonds (Series 2)		30,000		–		30,000
2020 Undated Capital Bonds (Series 3)		20,000		–		20,000
2021 Undated Capital Bonds (Series 1)		50,000		–		50,000
2021 Undated Capital Bonds (Series 2)		20,000		–		20,000
2022 Undated Capital Bonds (Series 1)		30,000		–		30,000
2022 Undated Capital Bonds (Series 2)		20,000		–		20,000
2023 Undated Capital Bonds (Series 1)		30,000		–		30,000
Subtotal(3)		280,000		(40,000)		240,000
Total		399,787		(40,000)		359,787

As at 30 June 2024, the transaction costs of outstanding other equity instruments issued by the Bank were RMB102 million (31 December 2023: RMB110 million).

(1) Save for such dividend at the agreed dividend payout ratio, the holders of the above preference shares shall not be entitled to share in the distribution of the remaining profits of the Bank together with the holders of the ordinary shares. The above preference shares bear non-cumulative dividends. The Bank shall be entitled to cancel any dividend on the preference shares, and such cancellation shall not constitute a default. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full payment of dividends on the preference shares. Upon the occurrence of a triggering event for the compulsory conversion of preference shares into ordinary shares in accordance with the agreement, the Bank shall convert the preference shares into ordinary shares in whole or in part after reporting to the relevant regulatory authorities for its examination and approval decision. As at 30 June 2024, the above preference shares have not been converted to ordinary shares.

Funding raised from the issuance of the above preference shares was fully used to replenish the Bank's capital and to increase its capital adequacy ratio.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

27 Other equity instruments (Continued)

(2) With the approval of the National Financial Regulatory Administration ("NFRA"), the Bank fully redeemed the 2019 Undated Capital Bonds (Series 1) on 29 January 2024, with the redemption amount of RMB40 billion.

(3) The above perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the relevant regulatory authorities, the Bank may redeem these bonds in whole or in part on each distribution payment date from the fifth anniversary since the issuance. Upon the occurrence of a triggering event for the write-downs, with the consent of the relevant regulatory authorities and without the need for the consent of the holders of the above bonds, the Bank has the right to write down the principal amount of the above bonds issued and existing at that time in whole or in part, in accordance with the outstanding principal amount of the bonds. The claims in respect of the above bonds, in the event of a winding-up of the Bank, will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks senior to these bonds; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with these bonds.

The above bonds bear non-cumulative interest and the Bank shall have the right to cancel distributions on these bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts. The Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment to the holders of these bonds.

Funding raised from the issuance of these bonds was fully used to replenish the Bank's capital and to increase its capital adequacy ratio.

Interests attributable to the holders of equity instruments

	As at 30 June 2024	As at 31 December 2023
Total equity attributable to equity holders of the Bank	**2,648,821**	2,629,510
— Equity attributable to ordinary shareholders of the Bank	**2,289,308**	2,230,005
— Equity attributable to other equity holders of the Bank	**359,513**	399,505
Total equity attributable to non-controlling interests	**130,155**	127,305
— Equity attributable to non-controlling interests of ordinary shares	**123,562**	120,712
— Equity attributable to non-controlling interests of other equity instruments	**6,593**	6,593

28 Dividends

Dividends for Ordinary Shares

A cash dividend of RMB2.364 per ten ordinary shares (pre-tax) in respect of the profit for the year ended 31 December 2023 amounting to RMB69,593 million (pre-tax) was approved at the Annual General Meeting held on 28 June 2024 and was recorded in "Other liabilities" as at 30 June 2024. Such cash dividend was distributed on 17 July 2024 and 5 August 2024 after the appropriate withholding of individual and enterprise income taxes.

Interim ordinary share cash dividend, proposed by the Board of Directors of the Bank, of RMB1.208 per ten shares (pre-tax) amounting to a total dividend of RMB35,562 million (pre-tax), based on the number of shares issued as at 30 June 2024, will be proposed for approval at the forthcoming General Meeting and the dividend payable is not reflected in the liabilities of the financial statements.

Dividends for Preference Shares

Dividend distributions of Domestic Preference Shares (Third Tranche and Fourth Tranche) and Offshore Preference Shares (Second Tranche) were approved by the Board of Directors of the Bank at the 2024 fourth meeting of the Board of Directors. Dividend of Domestic Preference Shares (Third Tranche) amounting to RMB3,285 million (pre-tax) was distributed on 27 June 2024. Dividend of Domestic Preference Shares (Fourth Tranche) amounting to RMB1,174.5 million (pre-tax) which was distributed on 29 August 2024, and the dividend of Offshore Preference Shares (Second Tranche) amounting to USD101.5 million (after tax) which will be distributed on 4 March 2025 have been recorded in "Other liabilities" as at 30 June 2024.

Interest on Perpetual Bonds

The Bank distributed interest on the 2019 Undated Capital Bonds (Series 1) amounting to RMB1,800 million on 29 January 2024.

The Bank distributed interest on the 2022 Undated Capital Bonds (Series 1) amounting to RMB1,095 million on 12 April 2024.

The Bank distributed interest on the 2022 Undated Capital Bonds (Series 2) amounting to RMB730 million on 28 April 2024.

The Bank distributed interest on the 2020 Undated Capital Bonds (Series 1) amounting to RMB1,360 million on 30 April 2024.

The Bank distributed interest on the 2021 Undated Capital Bonds (Series 1) amounting to RMB2,040 million on 20 May 2024.

The Bank distributed interest on the 2023 Undated Capital Bonds (Series 1) amounting to RMB981 million on 17 June 2024.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

29 Contingent liabilities and commitments

29.1 Legal proceedings and arbitrations

As at 30 June 2024, the Group was involved in certain litigation and arbitration cases in the regular course of its business. In the Group's regular business operations in different countries and regions across the world, given the range and scale of its international presence, the Group may be involved in a variety of litigation, arbitration and judicial proceedings within different jurisdictions, and the ultimate outcomes of these proceedings involve various levels of uncertainty. Management makes provisions for potential losses that may arise from these uncertainties based on assessments of potential liabilities, courts' judgements or the opinions of legal counsel, and as at 30 June 2024, the balance of the provisions was RMB1,289 million (31 December 2023: RMB859 million), as disclosed in Note III.26. Based upon the opinions of internal and external legal counsels, senior management of the Group believes that, at the current stage, these matters will not have a material impact on the financial position or operating results of the Group. Should the ultimate outcomes of these matters differ from the initially estimated amounts, such differences will impact the profit or loss in the period during which such a determination is made.

29.2 Assets pledged

Assets pledged by the Group as collateral mainly for repurchase, short positions, derivative transactions with other banks and financial institutions and for local statutory requirements are set forth in the table below. These transactions are conducted under standard and normal business terms.

	As at 30 June 2024	As at 31 December 2023
Debt securities	**1,210,460**	1,450,062
Bills	**720**	638
Total	**1,211,180**	1,450,700

29.3 Collateral accepted

The Group accepts securities as collateral that are permitted to be sold or re-pledged in connection with reverse repurchase and derivative agreements with banks and other financial institutions. As at 30 June 2024, the fair value of such collateral received from banks and other financial institutions accepted by the Group amounted to RMB9,945 million (31 December 2023: RMB23,498 million). As at 30 June 2024, the fair value of the collateral that the Group had sold or re-pledged, but was obligated to return, was RMB584 million (31 December 2023: RMB665 million). These transactions are conducted under standard terms in the normal course of business.

29 Contingent liabilities and commitments (Continued)

29.4 Capital commitments

	As at 30 June 2024	As at 31 December 2023
Property and equipment		
— Contracted but not provided for	**88,704**	90,133
— Authorised but not contracted for	**4,009**	4,198
Intangible assets		
— Contracted but not provided for	**4,710**	4,414
— Authorised but not contracted for	**130**	65
Investment properties and others		
— Contracted but not provided for	**436**	552
Total	**97,989**	99,362

29.5 Treasury bonds redemption commitments

The Bank is entrusted by the MOF to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Bank is committed to redeem these treasury bonds. The MOF will not provide funding for the early redemption of these treasury bonds on a back-to-back basis but will pay interest and repay the principal at maturity. The redemption price is the principal value of the bonds plus unpaid interest in accordance with the early redemption arrangement.

As at 30 June 2024, the outstanding principal value of the treasury bonds sold by the Bank under obligation to redeem prior to maturity amounted to RMB42,227 million (31 December 2023: RMB42,677 million). The original maturities of these treasury bonds vary from 3 to 5 years and management expects the amount of redemption through the Bank prior to the maturity dates of these bonds will not be material.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

29 Contingent liabilities and commitments (Continued)

29.6 Credit commitments

	As at 30 June 2024	As at 31 December 2023
Loan commitments[(1)]		
— with an original maturity of less than 1 year	**337,707**	492,790
— with an original maturity of 1 year or above	**3,234,092**	2,952,967
Undrawn credit card limits	**1,052,582**	1,027,823
Letters of guarantee issued[(2)]		
— Financing letters of guarantee	**35,156**	33,692
— Non-financing letters of guarantee	**1,154,368**	1,164,180
Bank bill acceptance	**475,597**	649,385
Letters of credit issued		
— Sight letters of credit	**97,352**	107,952
— Usance letters of credit	**51,948**	51,083
Accepted bills of exchange under letters of credit	**65,099**	61,279
Other	**277,833**	253,054
Total[(3)]	**6,781,734**	6,794,205

(1) Loan commitments mainly represent undrawn loan facilities agreed and granted to customers. Unconditionally revocable loan commitments are not included in loan commitments. As at 30 June 2024, the unconditionally revocable loan commitments of the Group amounted to RMB484,976 million (31 December 2023: RMB475,271 million).

(2) These obligations on the Group to make payments are dependent on the outcome of a future event.

(3) Risk-weighted assets for credit risk of credit commitments

The risk-weighted assets for credit risk of the Group are calculated in accordance with the *Capital Rules for Commercial Banks* and other relevant regulations under the advanced capital measurement approaches. The amounts are determined based on the creditworthiness of the counterparties, the terms of each type of contracts and other factors.

	As at 30 June 2024	As at 31 December 2023
Credit commitments[(i)]	**1,173,966**	1,355,511

(i) The *Capital Rules for Commercial Banks* has been applied from 1 January 2024 and the comparative figures as at 31 December 2023 were calculated in accordance with the former *Capital Rules for Commercial Banks (Provisional)* and related regulations.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

29 Contingent liabilities and commitments (Continued)

29.7 Underwriting obligations

As at 30 June 2024, there was no firm commitment in underwriting securities of the Group (31 December 2023: Nil).

30 Note to the condensed consolidated interim statement of cash flows

(1) Cash and cash equivalents comprise the following balances with an original maturity of less than three months:

	As at 30 June 2024	As at 30 June 2023
Cash and due from banks and other financial institutions	**719,691**	669,219
Balances with central banks	**807,426**	684,476
Placements with and loans to banks and other financial institutions	**775,484**	771,359
Financial investments	**158,229**	133,191
Total	**2,460,830**	2,258,245

(2) As at 31 January 2024, the Group has completed the acquisition of CCB Brasil (Note III.21(3)). As at the completion date, CCB Brasil held cash and cash equivalents of RMB3,354 million.

31 Related party transactions

31.1 China Investment Corporation ("CIC") was established on 29 September 2007 with registered capital of RMB1,550 billion. CIC is a wholly state-owned company engaging in foreign currency investment management. The Group is subject to the control of the State Council of the PRC Government through CIC and its wholly owned subsidiary, Central Huijin Investment Ltd. ("Huijin").

The Group enters into banking transactions with CIC in the normal course of its business on commercial terms.

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

31 Related party transactions (Continued)

31.2 Transactions with Huijin and companies under Huijin

(1) General information of Huijin

Central Huijin Investment Ltd.

Legal representative	PENG Chun
Registered capital	RMB828,209 million
Location of registration	Beijing
Capital shares in the Bank	64.13%
Voting rights in the Bank	64.13%
Nature	Wholly state-owned company
Principal activities	Investment in major state-owned financial institutions on behalf of the State Council; other related businesses approved by the State Council.
Unified social credit code	911000007109329615

(2) Transactions with Huijin

The Group enters into banking transactions with Huijin in the normal course of its business on commercial terms. Purchase of the bonds issued by Huijin was in the normal course of business and in compliance with the requirements of the related regulations and corporate governance.

Transaction balances

	As at 30 June 2024	As at 31 December 2023
Investment in debt securities	**34,123**	25,257
Placements with Huijin	**95,100**	12,000
Due to Huijin	**(22,101)**	(14,842)

Transaction amounts

	Six month period ended 30 June	
	2024	**2023**
Interest income	**1,584**	466
Interest expense	**(146)**	(37)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

31 Related party transactions (Continued)

31.2 Transactions with Huijin and companies under Huijin (Continued)

(3) Transactions with companies under Huijin

Companies under Huijin include its equity interests in subsidiaries, associates and joint ventures in certain other bank and non-bank entities in the PRC. The Group enters into banking transactions with these companies in the normal course of business on commercial terms which include mainly purchase and sale of debt securities, money market transactions and derivative transactions.

In the normal course of business, main transactions that the Group entered into with the affiliates of Huijin are as follows:

Transaction balances

	As at 30 June 2024	As at 31 December 2023
Due from banks and other financial institutions	**168,641**	138,515
Placements with and loans to banks and other financial institutions	**242,186**	214,458
Financial investments	**580,813**	566,220
Derivative financial assets	**9,903**	9,354
Loans and advances to customers	**48,358**	82,169
Due to customers, banks and other financial institutions	**(703,502)**	(595,608)
Placements from banks and other financial institutions	**(176,672)**	(157,657)
Derivative financial liabilities	**(10,373)**	(10,537)
Credit commitments	**28,232**	39,725

Transaction amounts

	Six month period ended 30 June	
	2024	2023
Interest income	**11,984**	11,651
Interest expense	**(13,343)**	(6,414)

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

31 Related party transactions (Continued)

31.3 Transactions with government authorities, agencies, affiliates and other state-controlled entities

The State Council of the PRC government directly and indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state-controlled entities. The Group enters into extensive banking transactions with these entities in the normal course of business on commercial terms.

Transactions conducted with government authorities, agencies, affiliates and other state-controlled entities include purchase and redemption of investment securities issued by government agencies, underwriting and distribution of treasury bonds issued by government agencies through the Group's branch network, foreign exchange transactions and derivative transactions, lending, provision of credit and guarantees and deposit placing and taking.

31.4 Transactions with associates and joint ventures

The Group enters into banking transactions with associates and joint ventures in the normal course of business on commercial terms. These include loans and advances, deposit taking and other normal banking businesses. The main transactions that the Group entered into with associates and joint ventures are as follows:

Transaction balances

	As at 30 June 2024	As at 31 December 2023
Loans and advances to customers	**35,212**	18,158
Due to customers, banks and other financial institutions	**(21,663)**	(19,772)
Credit commitments	**37,572**	27,497

Transaction amounts

	Six month period ended 30 June	
	2024	2023
Interest income	**496**	392
Interest expense	**(180)**	(220)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

31 Related party transactions (Continued)

31.5 Transactions with the Annuity Fund

For the six month period ended 30 June 2024, apart from the obligations for defined contributions to the Annuity Fund established by the Bank, annuity fund held other equity instruments issued by the Bank of RMB273 million (31 December 2023: RMB394 million), and bonds issued by the Bank of RMB507 million (31 December 2023: RMB233 million).

31.6 Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors, Supervisors and Executive Officers.

The Group enters into banking transactions with key management personnel in the normal course of business. During the six month period ended 30 June 2024 and the year ended 31 December 2023, there were no material transactions and balances with key management personnel on an individual basis.

31.7 Transactions with Connected Natural Persons

According to China Securities Regulatory Commission's *Administrative Measure for Information Disclosure of Listed Companies*, as at 30 June 2024, the Group's balance of loans and overdrafts to the connected natural persons totalled RMB117 million (31 December 2023: RMB41 million).

31.8 Transactions with subsidiaries

The main transactions with subsidiaries are as follows:

Transaction balances

	As at 30 June 2024	As at 31 December 2023
Due from banks and other financial institutions	**34,152**	54,648
Placements with and loans to banks and other financial institutions and loans and advances to customers	**283,278**	289,431
Due to banks and other financial institutions	**(122,006)**	(177,043)
Placements from banks and other financial institutions	**(111,033)**	(83,253)

Transaction amounts

	Six month period ended 30 June	
	2024	**2023**
Interest income	**4,059**	3,346
Interest expense	**(3,579)**	(2,340)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

32 Segment reporting

The Group manages the business from both geographic and business perspectives. From the geographic perspective, the Group operates in three principal regions: Chinese mainland; Hong Kong (China), Macao (China) and Taiwan (China); and other countries and regions. From the business perspective, the Group provides services through six main business segments: corporate banking, personal banking, treasury operations, investment banking, insurance and other operations.

Measurement of segment assets, liabilities, income, expenses, results and capital expenditure is based on the Group's accounting policies. The segment information presented includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Funding is provided to and from individual business segments through treasury operations as part of the asset and liability management process. The pricing of these transactions is based on market rates. The transfer price takes into account the specific features and maturities of the products. Internal transactions are eliminated on consolidation. The Group regularly examines the transfer price and adjusts the price to reflect current situation.

Geographical segments

Chinese mainland – Corporate banking, personal banking, treasury operations, insurance services, etc. are performed in Chinese mainland.

Hong Kong (China), Macao (China) and Taiwan (China) – Corporate banking, personal banking, treasury operations, investment banking and insurance services are performed in Hong Kong (China), Macao (China) and Taiwan (China). The business of this segment is concentrated in BOC Hong Kong (Group) Limited ("BOCHK Group").

Other countries and regions – Corporate and personal banking services are provided in other countries and regions. Significant locations include New York, London, Singapore and Luxembourg.

Business segments

Corporate banking – Services to corporate customers, government authorities and financial institutions including current accounts, deposits, overdrafts, loans, payments and settlements, trade-related products and other credit facilities, foreign currency, derivative products and wealth management products.

Personal banking – Services to retail customers including saving deposits, personal loans, credit cards and debit cards, payments and settlements, wealth management products and funds and insurance agency services.

Treasury operations – Consisting of foreign exchange transactions, customer-driven interest rate and foreign exchange derivative transactions, money market transactions, proprietary trading and asset and liability management. The results of this segment include the inter-segment funding income and expenses, resulting from interest-bearing assets and liabilities; and foreign currency translation gains and losses.

Investment banking – Consisting of debt and equity underwriting and financial advisory, sales and trading of securities, stock brokerage, investment research and asset management services, and private equity investment services.

Insurance – Underwriting of general and life insurance business and insurance agency services.

Other – Other operations of the Group comprise investment holding business, leasing business and other miscellaneous activities, none of which constitutes a separately reportable segment.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

32 Segment reporting (Continued)

As at and for the six month period ended 30 June 2024

	Chinese mainland	Hong Kong (China), Macao (China) and Taiwan (China)			Other countries and regions	Elimination	Total
		BOCHK Group	Other	Subtotal			
Interest income	423,420	60,320	30,774	91,094	58,454	(29,974)	542,994
Interest expense	(233,886)	(39,973)	(27,537)	(67,510)	(45,834)	30,996	(316,234)
Net interest income	189,534	20,347	3,237	23,584	12,620	1,022	226,760
Fee and commission income	39,601	6,002	2,703	8,705	3,989	(2,540)	49,755
Fee and commission expense	(4,811)	(1,475)	(847)	(2,322)	(1,420)	1,658	(6,895)
Net fee and commission income	34,790	4,527	1,856	6,383	2,569	(882)	42,860
Net trading gains/(losses)	6,501	7,467	2,185	9,652	(519)	(1,154)	14,480
Net gains/(losses) on transfers of financial assets	3,533	(193)	1,036	843	103	–	4,479
Other operating income[1]	16,475	1,287	11,952	13,239	123	(487)	29,350
Operating income	250,833	33,435	20,266	53,701	14,896	(1,501)	317,929
Operating expenses[1]	(85,249)	(8,508)	(11,066)	(19,574)	(4,473)	1,006	(108,290)
Impairment losses on assets	(57,527)	(1,892)	(1,000)	(2,892)	(338)	178	(60,579)
Operating profit	108,057	23,035	8,200	31,235	10,085	(317)	149,060
Share of results of associates and joint ventures	143	(76)	78	2	(2)	–	143
Profit before income tax	108,200	22,959	8,278	31,237	10,083	(317)	149,203
Income tax expense							(22,667)
Profit for the period							126,536
Segment assets	27,822,193	3,620,881	1,811,601	5,432,482	2,347,765	(1,734,977)	33,867,463
Investments in associates and joint ventures	23,032	1,127	15,549	16,676	96	–	39,804
Total assets	27,845,225	3,622,008	1,827,150	5,449,158	2,347,861	(1,734,977)	33,907,267
Include: non-current assets[2]	111,533	27,916	176,588	204,504	8,231	(5,275)	318,993
Segment liabilities	25,626,719	3,335,990	1,642,618	4,978,608	2,255,594	(1,732,630)	31,128,291
Other segment items:							
Inter-segment net interest (expense)/income	(552)	(614)	7,126	6,512	(6,982)	1,022	–
Inter-segment net fee and commission income/(expense)	602	(60)	407	347	(67)	(882)	–
Capital expenditure	3,919	1,596	1,610	3,206	40	–	7,165
Depreciation and amortisation	10,313	881	3,434	4,315	399	(450)	14,577
Credit commitments	5,729,694	297,107	153,686	450,793	736,742	(135,495)	6,781,734

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

32 Segment reporting (Continued)

As at 31 December 2023 and for the six month period ended 30 June 2023

		Hong Kong (China), Macao (China) and Taiwan (China)					
	Chinese mainland	BOCHK Group	Other	Subtotal	Other countries and regions	Elimination	Total
Interest income	411,570	47,776	25,447	73,223	48,141	(25,933)	507,001
Interest expense	(211,501)	(29,789)	(21,098)	(50,887)	(37,607)	26,986	(273,009)
Net interest income	200,069	17,987	4,349	22,336	10,534	1,053	233,992
Fee and commission income	43,165	5,665	3,097	8,762	3,687	(2,767)	52,847
Fee and commission expense	(4,668)	(1,312)	(627)	(1,939)	(1,223)	1,359	(6,471)
Net fee and commission income	38,497	4,353	2,470	6,823	2,464	(1,408)	46,376
Net trading gains	8,073	7,652	1,848	9,500	1,342	(1,300)	17,615
Net gains/(losses) on transfers of financial assets	284	(711)	174	(537)	13	–	(240)
Other operating income(1)	11,370	1,099	9,879	10,978	38	(422)	21,964
Operating income	258,293	30,380	18,720	49,100	14,391	(2,077)	319,707
Operating expenses(1)	(82,232)	(9,494)	(9,670)	(19,164)	(4,103)	1,199	(104,300)
Impairment losses on assets	(55,442)	(1,018)	(920)	(1,938)	(3,201)	–	(60,581)
Operating profit	120,619	19,868	8,130	27,998	7,087	(878)	154,826
Share of results of associates and joint ventures	58	(102)	137	35	–	–	93
Profit before income tax	120,677	19,766	8,267	28,033	7,087	(878)	154,919
Income tax expense							(27,231)
Profit for the period							127,688
Segment assets	26,447,373	3,474,132	1,737,180	5,211,312	2,372,795	(1,638,864)	32,392,616
Investments in associates and joint ventures	22,822	1,196	15,532	16,728	–	–	39,550
Total assets	26,470,195	3,475,328	1,752,712	5,228,040	2,372,795	(1,638,864)	32,432,166
Include: non-current assets(2)	115,120	27,191	180,959	208,150	8,659	(4,878)	327,051
Segment liabilities	24,246,297	3,205,141	1,572,698	4,777,839	2,288,051	(1,636,836)	29,675,351
Other segment items:							
Inter-segment net interest income/(expense)	619	(470)	5,127	4,657	(6,329)	1,053	–
Inter-segment net fee and commission income/(expense)	855	90	553	643	(90)	(1,408)	–
Capital expenditure	4,964	767	7,301	8,068	127	–	13,159
Depreciation and amortisation	10,798	885	3,366	4,251	404	(434)	15,019
Credit commitments	5,788,568	304,618	171,952	476,570	677,167	(148,100)	6,794,205

(1) Other operating income includes insurance revenue and operating expenses include insurance service expenses.

(2) Non-current assets include property and equipment, investment properties, right-of-use assets, intangible assets and other long-term assets.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

32 Segment reporting (Continued)

As at and for the six month period ended 30 June 2024

	Corporate banking	Personal banking	Treasury operations	Investment banking	Insurance	Other	Elimination	Total
Interest income	263,295	207,052	144,964	1,568	2,121	5,405	(81,411)	542,994
Interest expense	(160,024)	(101,447)	(129,849)	(163)	(114)	(6,053)	81,416	(316,234)
Net interest income/(expense)	103,271	105,605	15,115	1,405	2,007	(648)	5	226,760
Fee and commission income	20,136	19,368	7,237	3,297	7	962	(1,252)	49,755
Fee and commission expense	(668)	(4,651)	(1,068)	(603)	–	(87)	182	(6,895)
Net fee and commission income	19,468	14,717	6,169	2,694	7	875	(1,070)	42,860
Net trading gains/(losses)	614	183	10,926	(194)	1,384	1,563	4	14,480
Net gains/(losses) on transfers of financial assets	524	7	2,865	(8)	1,103	(12)	–	4,479
Other operating income	175	12,125	237	48	7,183	11,552	(1,970)	29,350
Operating income	124,052	132,637	35,312	3,945	11,684	13,330	(3,031)	317,929
Operating expenses	(36,470)	(48,198)	(10,572)	(1,416)	(8,645)	(5,752)	2,763	(108,290)
Impairment losses on assets	(15,098)	(47,128)	1,850	(22)	(8)	(200)	27	(60,579)
Operating profit	72,484	37,311	26,590	2,507	3,031	7,378	(241)	149,060
Share of results of associates and joint ventures	–	–	–	150	–	56	(63)	143
Profit before income tax	72,484	37,311	26,590	2,657	3,031	7,434	(304)	149,203
Income tax expense								(22,667)
Profit for the period								126,536
Segment assets	15,187,807	6,738,504	10,950,430	81,630	304,012	775,115	(170,035)	33,867,463
Investments in associates and joint ventures	–	–	–	7,535	279	32,255	(265)	39,804
Total assets	15,187,807	6,738,504	10,950,430	89,165	304,291	807,370	(170,300)	33,907,267
Segment liabilities	14,953,031	11,593,769	4,046,239	44,783	289,739	367,429	(166,699)	31,128,291
Other segment items:								
Inter-segment net interest income/(expense)	3,059	77,759	(80,822)	373	4	(373)	–	–
Inter-segment net fee and commission income/(expense)	202	713	51	(175)	–	279	(1,070)	–
Capital expenditure	1,152	1,329	61	36	88	4,499	–	7,165
Depreciation and amortisation	5,086	5,017	1,518	220	22	3,357	(643)	14,577
Credit commitments	5,235,643	1,546,091	–	–	–	–	–	6,781,734

(Amounts in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

32 Segment reporting (Continued)

As at 31 December 2023 and for the six month period ended 30 June 2023

	Corporate banking	Personal banking	Treasury operations	Investment banking	Insurance	Other	Elimination	Total
Interest income	245,782	210,727	128,420	1,537	1,881	3,604	(84,950)	507,001
Interest expense	(138,194)	(93,470)	(121,403)	(157)	(92)	(4,643)	84,950	(273,009)
Net interest income/(expense)	107,588	117,257	7,017	1,380	1,789	(1,039)	–	233,992
Fee and commission income	22,845	20,825	7,557	3,203	–	895	(2,478)	52,847
Fee and commission expense	(749)	(4,411)	(720)	(702)	–	(106)	217	(6,471)
Net fee and commission income	22,096	16,414	6,837	2,501	–	789	(2,261)	46,376
Net trading gains/(losses)	1,725	374	12,595	(152)	2,373	698	2	17,615
Net gains/(losses) on transfers of financial assets	356	3	(667)	3	64	1	–	(240)
Other operating income	209	6,982	168	101	5,556	10,979	(2,031)	21,964
Operating income	131,974	141,030	25,950	3,833	9,782	11,428	(4,290)	319,707
Operating expenses	(36,343)	(44,767)	(10,839)	(1,496)	(8,203)	(5,427)	2,775	(104,300)
Impairment losses on assets	(45,025)	(14,956)	973	(11)	(1)	(1,653)	92	(60,581)
Operating profit	50,606	81,307	16,084	2,326	1,578	4,348	(1,423)	154,826
Share of results of associates and joint ventures	–	–	–	193	–	(76)	(24)	93
Profit before income tax	50,606	81,307	16,084	2,519	1,578	4,272	(1,447)	154,919
Income tax expense								(27,231)
Profit for the period								127,688
Segment assets	13,771,018	6,603,661	11,025,328	78,200	278,635	751,818	(116,044)	32,392,616
Investments in associates and joint ventures	–	–	–	7,289	281	32,151	(171)	39,550
Total assets	13,771,018	6,603,661	11,025,328	85,489	278,916	783,969	(116,215)	32,432,166
Segment liabilities	14,413,638	10,988,012	3,748,905	43,352	263,308	331,087	(112,951)	29,675,351
Other segment items:								
Inter-segment net interest income/(expense)	14,684	69,031	(83,652)	372	7	(442)	–	–
Inter-segment net fee and commission income/(expense)	234	2,023	31	(201)	–	174	(2,261)	–
Capital expenditure	1,492	1,683	79	30	60	9,815	–	13,159
Depreciation and amortisation	5,109	5,443	1,549	219	26	3,242	(569)	15,019
Credit commitments	5,338,334	1,455,871	–	–	–	–	–	6,794,205

33 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Repurchase agreements

Transferred financial assets that do not qualify for derecognition mainly include debt securities transferred to counterparties as collateral under repurchase agreements. Under this type of repurchase 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 upon maturity of the contract. If the value of securities increases or decreases, the Group may in certain circumstances require counterparties or be required by counterparties to pay additional cash collateral. The Group has determined that the Group retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognises a financial liability for cash received.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties that did not qualify for derecognition and their associated financial liabilities:

	As at 30 June 2024		As at 31 December 2023	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Repurchase agreements	**94,150**	**93,472**	71,811	70,922

Credit asset transfers

The Group enters into credit asset transfers in the normal course of business during which it transfers credit assets to special purpose entities which in turn issue asset-backed securities or fund shares to investors. The Group may acquire certain of these asset-backed securities and fund shares at the subordinated tranche level, and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

33 Transfers of financial assets (Continued)

Credit asset transfers (Continued)

With respect to the credit assets that were securitised and qualified for derecognition, the Group derecognised the transferred credit assets in their entirety. The corresponding total carrying amount of asset-backed securities held by the Group in such securitisation transactions was RMB451 million as at 30 June 2024 (31 December 2023: RMB405 million), which also approximates the Group's maximum exposure to loss.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the transferred credit assets are recognised in the statement of financial position to the extent of the Group's continuing involvement. For the six month periods ended 30 June 2024 and 30 June 2023, there was no credit asset transfer transaction which resulted in new continuing involvement and the carrying amount of assets in relation to continuing involvement that the Group continues to recognise in the statement of financial position was RMB19,079 million as at 30 June 2024 (31 December 2023: RMB20,780 million).

34 Interests in the structured entities

The Group is principally involved with structured entities through financial investments, asset management and credit asset transfers. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

34.1 Unconsolidated structured entities

Structured entities sponsored and managed by the Group

In conducting the asset management business, the Group established various structured entities to provide customers specialised investment opportunities within well-defined objectives and narrow range, including wealth management products, funds and asset management plans. The Group earned management fee, commission and custodian fee in return.

As at 30 June 2024, after considering the impact of relevant joint activities over structured entities within the Group, the balance of wealth management products sponsored and managed by the Group amounted to RMB1,801,939 million (31 December 2023: RMB1,631,063 million), and funds and asset management plans amounted to RMB933,510 million (31 December 2023: RMB778,109 million).

For the six month period ended 30 June 2024, the above-mentioned commission, custodian fees and management fees amounted to RMB3,823 million (Six month period ended 30 June 2023: RMB3,862 million).

34 Interests in the structured entities (Continued)

34.1 Unconsolidated structured entities (Continued)

Structured entities sponsored and managed by the Group (Continued)

For the purpose of asset-liability management, wealth management products may require short-term financing from the Group and other banks. The Group is not contractually obliged to provide any financing to these products. The Group may enter into reverse repurchase and placement transactions with these wealth management products in accordance with market principles. Such financing provided by the Group was included in "Placements with and loans to banks and other financial institutions". For the six month periods ended 30 June 2024 and 30 June 2023, the Group did not provide any such financing. As at 30 June 2024 and 31 December 2023, the Group did not have any outstanding financing balance and there was no exposure to these wealth management products.

In addition, the total carrying amount as at the transfer date of credit assets transferred by the Group into the unconsolidated structured entities was RMB3,027 million for the six month period ended 30 June 2024 (Six month period ended 30 June 2023: RMB3,445 million). For the description of the portion of asset-backed securities issued by the above structured entities and held by the Group, refer to Note III.33.

Structured entities sponsored by other financial institutions

The structured entities sponsored by other financial institutions in which the Group holds investments are set out below:

Structured entity type	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total	Maximum exposure to loss
As at 30 June 2024					
Fund investments	**89,586**	**–**	**–**	**89,586**	**89,586**
Investment trusts and asset management plans	**2,655**	**2,471**	**21,747**	**26,873**	**26,873**
Asset-backed securitisations	**792**	**81,076**	**80,503**	**162,371**	**162,371**
As at 31 December 2023					
Fund investments	83,527	–	–	83,527	83,527
Investment trusts and asset management plans	2,347	1,581	18,989	22,917	22,917
Asset-backed securitisations	–	41,937	83,658	125,595	125,595

III NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT ITEMS (Continued)

34 Interests in the structured entities (Continued)

34.2 Consolidated structured entities

The Group's consolidated structured entities mainly consist of open-end funds, private equity funds, trusts for asset-backed securities, and special-purpose companies. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns. Except for providing financial guarantees for the companies established solely for financing purposes, the Group does not provide financial or other support to the other consolidated structured entities.

35 Events after the financial reporting date

Redemption Arrangement of 2019 RMB Tier 2 Capital Bonds First Tranche 01

According to the relevant terms and conditions in the prospectus for the issuance of the 2019 RMB Tier 2 Capital Bonds First Tranche 01, the bonds are subject to the redemption option of the issuer. The Bank issued a redemption announcement on 23 August 2024. The redemption date is 24 September 2024, and the redemption amount is RMB30 billion.

Issuance of 2024 Undated Capital Bonds (Series 1)

On 26 July 2024, the Bank issued write-down undated capital bonds amounting RMB30 billion and completed the issuance on 30 July 2024. The issuance details have been set out in the Bank's announcement dated 30 July 2024.

The Contribution of Subscription Capital for State-level Funds

In July 2024, the Bank completed the first installment of contribution of RMB1,075 million to subscribe for the shares of the National Integrated Circuit Industry Investment Fund Phase III Co., Ltd., and the second installment of the second contribution of RMB1,000 million to subscribe for the shares of the National Green Development Fund Co., Ltd.

IV FINANCIAL RISK MANAGEMENT

1 Credit risk

1.1 Loans and advances

(1) Concentrations of risk for loans and advances to customers

(i) Analysis of loans and advances to customers by geographical area

Group

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
Chinese mainland	**18,018,582**	**85.44%**	16,836,884	84.57%
Hong Kong (China), Macao (China), and Taiwan (China)	**2,016,274**	**9.56%**	2,011,421	10.11%
Other countries and regions	**1,054,122**	**5.00%**	1,059,682	5.32%
Total	**21,088,978**	**100.00%**	19,907,987	100.00%

Chinese mainland

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
Northern China	**2,582,150**	**14.33%**	2,405,566	14.29%
Northeastern China	**669,590**	**3.72%**	642,274	3.81%
Eastern China	**7,389,227**	**41.01%**	6,862,383	40.76%
Central and Southern China	**5,045,235**	**28.00%**	4,740,324	28.15%
Western China	**2,332,380**	**12.94%**	2,186,337	12.99%
Total	**18,018,582**	**100.00%**	16,836,884	100.00%

(ii) Analysis of loans and advances to customers by customer type

	Chinese mainland	Hong Kong (China), Macao (China) and Taiwan (China)	Other countries and regions	Total
As at 30 June 2024				
Corporate loans and advances				
— Trade bills	**1,600,948**	**73,500**	**116,493**	**1,790,941**
— Other	**10,444,957**	**1,222,004**	**870,525**	**12,537,486**
Personal loans	**5,972,677**	**720,770**	**67,104**	**6,760,551**
Total	**18,018,582**	**2,016,274**	**1,054,122**	**21,088,978**
As at 31 December 2023				
Corporate loans and advances				
— Trade bills	1,716,122	77,798	107,258	1,901,178
— Other	9,292,108	1,222,007	882,729	11,396,844
Personal loans	5,828,654	711,616	69,695	6,609,965
Total	16,836,884	2,011,421	1,059,682	19,907,987

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(1) Concentrations of risk for loans and advances to customers (Continued)

(iii) Analysis of loans and advances to customers by industry

Group

	As at 30 June 2024		As at 31 December 2023	
	Amount	**% of total**	**Amount**	**% of total**
Corporate loans and advances				
Commerce and services	**3,531,871**	**16.75%**	3,237,900	16.26%
Manufacturing	**2,865,223**	**13.59%**	2,638,582	13.25%
Transportation, storage and postal services	**2,332,507**	**11.06%**	2,139,206	10.75%
Real estate	**1,555,072**	**7.37%**	1,468,347	7.38%
Production and supply of electricity, heating, gas and water	**1,417,373**	**6.72%**	1,293,581	6.50%
Financial services	**814,770**	**3.86%**	904,582	4.54%
Construction	**537,548**	**2.55%**	449,451	2.26%
Water, environment and public utility management	**507,905**	**2.41%**	469,720	2.36%
Mining	**370,567**	**1.76%**	305,992	1.54%
Public utilities	**247,107**	**1.17%**	235,130	1.18%
Other	**148,484**	**0.70%**	155,531	0.78%
Subtotal	**14,328,427**	**67.94%**	13,298,022	66.80%
Personal loans				
Mortgages	**4,752,644**	**22.54%**	4,786,255	24.04%
Credit cards	**594,528**	**2.82%**	563,994	2.83%
Other	**1,413,379**	**6.70%**	1,259,716	6.33%
Subtotal	**6,760,551**	**32.06%**	6,609,965	33.20%
Total	**21,088,978**	**100.00%**	19,907,987	100.00%

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(1) Concentrations of risk for loans and advances to customers (Continued)

(iii) Analysis of loans and advances to customers by industry (Continued)

Chinese mainland

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Commerce and services	**3,073,755**	**17.07%**	2,755,264	16.36%
Manufacturing	**2,562,833**	**14.22%**	2,329,950	13.84%
Transportation, storage and postal services	**2,148,372**	**11.92%**	1,976,166	11.74%
Real estate	**952,486**	**5.29%**	874,747	5.20%
Production and supply of electricity, heating, gas and water	**1,153,102**	**6.40%**	1,046,809	6.22%
Financial services	**580,825**	**3.22%**	660,091	3.92%
Construction	**500,938**	**2.78%**	397,588	2.36%
Water, environment and public utility management	**503,091**	**2.79%**	455,276	2.70%
Mining	**258,212**	**1.43%**	217,551	1.29%
Public utilities	**230,788**	**1.28%**	221,595	1.32%
Other	**81,503**	**0.45%**	73,193	0.43%
Subtotal	**12,045,905**	**66.85%**	11,008,230	65.38%
Personal loans				
Mortgages	**4,121,073**	**22.88%**	4,168,263	24.76%
Credit cards	**582,852**	**3.23%**	551,366	3.27%
Other	**1,268,752**	**7.04%**	1,109,025	6.59%
Subtotal	**5,972,677**	**33.15%**	5,828,654	34.62%
Total	**18,018,582**	**100.00%**	16,836,884	100.00%

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(1) Concentrations of risk for loans and advances to customers (Continued)

(iv) Analysis of loans and advances to customers by collateral type

Group

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
Unsecured loans	**7,798,658**	**36.98%**	7,243,277	36.38%
Guaranteed loans	**2,864,403**	**13.58%**	2,547,618	12.80%
Loans secured by mortgages	**8,145,784**	**38.63%**	7,910,628	39.74%
Pledged loans	**2,280,133**	**10.81%**	2,206,464	11.08%
Total	**21,088,978**	**100.00%**	19,907,987	100.00%

Chinese mainland

	As at 30 June 2024		As at 31 December 2023	
	Amount	% of total	Amount	% of total
Unsecured loans	**6,440,600**	**35.74%**	5,938,299	35.27%
Guaranteed loans	**2,505,519**	**13.91%**	2,140,243	12.71%
Loans secured by mortgages	**7,166,936**	**39.77%**	6,932,717	41.18%
Pledged loans	**1,905,527**	**10.58%**	1,825,625	10.84%
Total	**18,018,582**	**100.00%**	16,836,884	100.00%

(2) Analysis of impaired loans and advances to customers

(i) Impaired loans and advances by geographical area

Group

	As at 30 June 2024			As at 31 December 2023		
	Amount	% of total	Impaired loan ratio	Amount	% of total	Impaired loan ratio
Chinese mainland	**212,397**	**81.29%**	**1.18%**	207,297	81.87%	1.23%
Hong Kong (China), Macao (China) and Taiwan (China)	**33,514**	**12.83%**	**1.66%**	30,985	12.24%	1.54%
Other countries and regions	**15,356**	**5.88%**	**1.46%**	14,923	5.89%	1.41%
Total	**261,267**	**100.00%**	**1.24%**	253,205	100.00%	1.27%

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(2) Analysis of impaired loans and advances to customers (Continued)

(i) Impaired loans and advances by geographical area (Continued)

Chinese mainland

	As at 30 June 2024			As at 31 December 2023		
	Amount	% of total	Impaired loan ratio	Amount	% of total	Impaired loan ratio
Northern China	**33,220**	**15.64%**	**1.29%**	35,240	17.00%	1.46%
Northeastern China	**12,121**	**5.71%**	**1.81%**	14,134	6.82%	2.20%
Eastern China	**64,872**	**30.54%**	**0.88%**	61,761	29.79%	0.90%
Central and Southern China	**68,650**	**32.32%**	**1.36%**	63,779	30.77%	1.35%
Western China	**33,534**	**15.79%**	**1.44%**	32,383	15.62%	1.48%
Total	**212,397**	**100.00%**	**1.18%**	207,297	100.00%	1.23%

(ii) Impaired loans and advances by customer type

Group

	As at 30 June 2024			As at 31 December 2023		
	Amount	% of total	Impaired loan ratio	Amount	% of total	Impaired loan ratio
Corporate loans and advances	**206,741**	**79.13%**	**1.44%**	206,760	81.66%	1.55%
Personal loans	**54,526**	**20.87%**	**0.81%**	46,445	18.34%	0.70%
Total	**261,267**	**100.00%**	**1.24%**	253,205	100.00%	1.27%

Chinese mainland

	As at 30 June 2024			As at 31 December 2023		
	Amount	% of total	Impaired loan ratio	Amount	% of total	Impaired loan ratio
Corporate loans and advances	**160,099**	**75.38%**	**1.33%**	162,951	78.61%	1.48%
Personal loans	**52,298**	**24.62%**	**0.88%**	44,346	21.39%	0.76%
Total	**212,397**	**100.00%**	**1.18%**	207,297	100.00%	1.23%

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(2) Analysis of impaired loans and advances to customers (Continued)

(iii) Impaired loans and advances by geographical area and industry

	As at 30 June 2024			As at 31 December 2023		
	Amount	% of total	Impaired loan ratio	Amount	% of total	Impaired loan ratio
Chinese mainland						
Corporate loans and advances						
Commerce and services	**41,675**	**15.96%**	**1.36%**	41,312	16.32%	1.50%
Manufacturing	**32,097**	**12.29%**	**1.25%**	33,565	13.26%	1.44%
Transportation, storage and postal services	**8,800**	**3.37%**	**0.41%**	8,780	3.47%	0.44%
Real estate	**47,085**	**18.02%**	**4.94%**	48,172	19.02%	5.51%
Production and supply of electricity, heating, gas and water	**11,688**	**4.47%**	**1.01%**	12,794	5.05%	1.22%
Financial services	**153**	**0.06%**	**0.03%**	161	0.06%	0.02%
Construction	**5,264**	**2.01%**	**1.05%**	4,295	1.70%	1.08%
Water, environment and public utility management	**5,671**	**2.17%**	**1.13%**	4,973	1.96%	1.09%
Mining	**3,065**	**1.17%**	**1.19%**	3,080	1.22%	1.42%
Public utilities	**3,321**	**1.27%**	**1.44%**	4,260	1.68%	1.92%
Other	**1,280**	**0.49%**	**1.57%**	1,559	0.62%	2.13%
Subtotal	**160,099**	**61.28%**	**1.33%**	162,951	64.36%	1.48%
Personal loans						
Mortgages	**22,476**	**8.60%**	**0.55%**	19,928	7.87%	0.48%
Credit cards	**9,704**	**3.72%**	**1.66%**	10,114	3.99%	1.83%
Other	**20,118**	**7.70%**	**1.59%**	14,304	5.65%	1.29%
Subtotal	**52,298**	**20.02%**	**0.88%**	44,346	17.51%	0.76%
Total for Chinese mainland	**212,397**	**81.30%**	**1.18%**	207,297	81.87%	1.23%
Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions	**48,870**	**18.70%**	**1.59%**	45,908	18.13%	1.49%
Total	**261,267**	**100.00%**	**1.24%**	253,205	100.00%	1.27%

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(2) Analysis of impaired loans and advances to customers (Continued)

(iv) Impaired loans and advances and related allowance by geographical area

	Impaired loans	Allowance for impairment losses	Net
As at 30 June 2024			
Chinese mainland	**212,397**	**(157,509)**	**54,888**
Hong Kong (China), Macao (China) and Taiwan (China)	**33,514**	**(16,343)**	**17,171**
Other countries and regions	**15,356**	**(8,162)**	**7,194**
Total	**261,267**	**(182,014)**	**79,253**
As at 31 December 2023			
Chinese mainland	207,297	(155,812)	51,485
Hong Kong (China), Macao (China) and Taiwan (China)	30,985	(15,709)	15,276
Other countries and regions	14,923	(8,341)	6,582
Total	253,205	(179,862)	73,343

(3) Loans and advances rescheduled

The Group adopts the measures for *Risk Classification of Financial Assets of Commercial Banks* (CBIRC PBC Order [2023] No.1) for its rescheduled loans and advances to customers.

As at 30 June 2024 and 31 December 2023, the amount of Group's rescheduled loans and advances that were not more than 90 days overdue was not material.

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.1 Loans and advances (Continued)

(4) Overdue loans and advances to customers

Analysis of overdue loans and advances by geographical area

	As at 30 June 2024	As at 31 December 2023
Chinese mainland	**208,059**	168,450
Hong Kong (China), Macao (China) and Taiwan (China)	**36,998**	32,322
Other countries and regions	**9,962**	9,857
Subtotal	**255,019**	210,629
Percentage	**1.21%**	1.06%
Less: total loans and advances to customers which have been overdue for less than 3 months	**(90,873)**	(73,663)
Total loans and advances to customers which have been overdue for more than 3 months	**164,146**	136,966

(5) Loans and advances three-staging classification

Loans and advances to customers by five-category loan classification and three-staging classification are analysed as follows:

	12-month ECL	Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2024				
Pass	**20,340,676**	**181,486**	**–**	**20,522,162**
Special-mention	**–**	**301,758**	**–**	**301,758**
Substandard	**–**	**–**	**62,901**	**62,901**
Doubtful	**–**	**–**	**107,519**	**107,519**
Loss	**–**	**–**	**90,800**	**90,800**
Total	**20,340,676**	**483,244**	**261,220**	**21,085,140**
As at 31 December 2023				
Pass	19,265,099	96,329	–	19,361,428
Special-mention	–	289,716	–	289,716
Substandard	–	–	67,246	67,246
Doubtful	–	–	105,224	105,224
Loss	–	–	80,698	80,698
Total	19,265,099	386,045	253,168	19,904,312

As at 30 June 2024 and 31 December 2023, loans and advances by five-category loan classification and stage classification did not include loans and advances to customers measured at fair value through profit or loss.

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.2 Debt securities

The Group adopts a credit rating approach to manage the credit risk of the debt securities by referring to both internal and external credit rating. The carrying amounts (excluding accrued interest) of the debt investments analysed by external credit ratings at the financial reporting date are as follows:

	Unrated	Higher than A (inclusive)	Lower than A	Total
As at 30 June 2024				
Issuers in Chinese mainland				
— Government	**34,192**	**3,817,668**	**–**	**3,851,860**
— Public sectors and quasi-governments	**154,946**	**16,434**	**–**	**171,380**
— Policy banks	**–**	**774,630**	**–**	**774,630**
— Financial institutions	**15,165**	**234,517**	**162,244**	**411,926**
— Corporate	**103,761**	**73,301**	**20,722**	**197,784**
— China Orient	**152,433**	**–**	**–**	**152,433**
Subtotal	**460,497**	**4,916,550**	**182,966**	**5,560,013**
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions				
— Governments	**827**	**799,429**	**29,080**	**829,336**
— Public sectors and quasi-governments	**119,025**	**133,977**	**137**	**253,139**
— Financial institutions	**3,304**	**218,282**	**56,124**	**277,710**
— Corporate	**12,419**	**82,771**	**41,482**	**136,672**
Subtotal	**135,575**	**1,234,459**	**126,823**	**1,496,857**
Total	**596,072**	**6,151,009**	**309,789**	**7,056,870**
As at 31 December 2023				
Issuers in Chinese mainland				
— Government	18,766	3,745,563	–	3,764,329
— Public sectors and quasi-governments	149,685	17,486	–	167,171
— Policy banks	–	714,013	–	714,013
— Financial institutions	20,213	195,760	180,816	396,789
— Corporate	96,663	65,921	36,486	199,070
— China Orient	152,433	–	–	152,433
Subtotal	437,760	4,738,743	217,302	5,393,805
Issuers in Hong Kong (China), Macao (China), Taiwan (China) and other countries and regions				
— Governments	2,986	792,999	24,441	820,426
— Public sectors and quasi-governments	90,083	111,590	346	202,019
— Financial institutions	2,749	197,001	67,468	267,218
— Corporate	9,846	85,364	42,923	138,133
Subtotal	105,664	1,186,954	135,178	1,427,796
Total	543,424	5,925,697	352,480	6,821,601

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.3 Measurement of expected credit losses ("ECL")

The Group conducted assessment of ECL with reference to forward-looking information and uses a number of models and assumptions in its measurement of expected credit losses. These models and assumptions relate to the future macroeconomic conditions and borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group uses judgements, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards which include:

- Segmentation of financial instruments based on credit risk characteristics for losses
- Criteria for determining significant increases in credit risk
- Definition of default and credit-impaired financial assets
- Parameters for measuring ECL
- Forward-looking information

There were no significant changes in the estimation techniques and such assumptions during the reporting period.

The Bank has not applied management overlay.

(1) Segmentation of financial instruments based on credit risk characteristics for losses

When measuring ECL on a collective basis, the Group classifies its credit risk exposures into corporate business, interbank business, personal loans, credit cards, and bond business exposures according to its business type, and into domestic and overseas business exposures according to its business regions. When further subdividing the credit risk exposures, the Group obtains sufficient information and segments them according to credit risk characteristics such as product types, customer types, customer risk factors, usage of funds, etc. and then calculate ECL for exposures with shared risk characteristics on a collective basis to ensure its statistical reliability.

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.3 Measurement of expected credit losses ("ECL") (Continued)

(2) Criteria for determining significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analysis based on the historical data, external credit risk rating, and forward-looking information. Based on an individual financial instrument or a group of financial instruments with shared credit risk characteristics, the Group compares the risk of default of financial instruments at the financial reporting date with that at the date of initial recognition in order to determine the changes of default risk in the expected lifetime of financial instruments.

(3) Definition of default and credit-impaired financial assets

The Group considers a financial instrument as defaulted when it is credit-impaired. The standard adopted by the Group in determining whether a financial asset is credit-impaired is consistent with the internal credit risk management objectives, taking into account quantitative and qualitative criteria.

(4) Parameters for measuring ECL

According to whether the credit risk has significantly increased and whether the asset is credit-impaired, the Group measures the impairment allowance for different assets with ECL of the next 12 months or throughout the entire lifetime. The key parameters in ECL measurement include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral) and forward-looking information in order to establish the models for estimating PD, LGD and EAD in accordance with the requirement of IFRS 9.

The Group regularly conducts parameter update of the ECL models.

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.3 Measurement of expected credit losses ("ECL") (Continued)

(5) Forward-looking information

The Group conducted an assessment of ECL according to forward-looking information and used a number of models and assumptions in its measurement of ECL. In assessing the ECL as at 30 June 2024, the Group has taken into account the impact of changes in current economic environment to the ECL model, including: individual borrower's operating and financial conditions and degree of impact from the economic environment, environmental and climate change impact, and industry-specific risks.

The Group identifies key macroeconomic indicators that affect the credit risk and ECL of various business types, such as country or region local GDP, Completion Index of Fixed Assets Investment, Producer Price Index, Home Price Index, Consumer Price Index, etc. based on the statistical analysis of historical data.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group applies experts' judgement in this analysis, and according to the result, the Group predicts these economic indicators regularly for respective regions and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

The Group conducts statistical analysis using experts' judgement to determine multiple economic scenarios and their respective weightings. In addition to the baseline scenario, optimistic scenario and pessimistic scenario, the Group also considers situation under stress. As at 30 June 2024, the baseline scenario has the highest weighting with the remaining individual scenarios having a weighting of lower than 30%. The Group measures its credit loss allowance based on probability weighted ECL under different scenarios.

The Group updated relevant forward-looking parameters used in the models measuring ECL based on changes in macroeconomic environment during the period. Amongst these parameters, the annualized value of core one adopted by Chinese mainland in assessing its ECL as of 30 June 2024 under the baseline scenario is as follows:

Indicator	**Range**
Average Growth Rate of China's GDP in 2024-2026	**Around 5.0%**

As at 30 June 2024, the ECL reflected the Group's credit risk and the expectations for macroeconomic development of management.

IV FINANCIAL RISK MANAGEMENT (Continued)

1 Credit risk (Continued)

1.4 Derivatives

The risk-weighted assets for counterparty credit risk ("CCR") of derivatives of the Group are calculated in accordance with the *Capital Rules for Commercial Banks* and other relevant regulations under the standardised approach. For derivative transactions, risk-weighted assets for CCR include the risk-weighted assets for default risk, the risk-weighted assets for credit valuation adjustment ("CVA") and the risk-weighted assets for central counterparties ("CCPs").

The risk-weighted assets for CCR of derivatives are as follows[1]:

	As at 30 June 2024	As at 31 December 2023
Risk-weighted assets for default risk		
Currency derivatives	**84,667**	86,299
Interest rate derivatives	**6,852**	7,669
Equity derivatives	**406**	514
Commodity derivatives and other	**11,211**	6,447
	103,136	100,929
Risk-weighted assets for CVA	**33,054**	86,764
Risk-weighted assets for CCPs	**4,592**	12,704
Total	**140,782**	200,397

(1) The *Capital Rules for Commercial Banks* has been applied from 1 January 2024 and the comparative figures as at 31 December 2023 were calculated in accordance with the former *Capital Rules for Commercial Banks (Provisional)* and related regulations.

1.5 Repossessed assets

The Group obtains assets by taking possession of collateral held as security. Detailed information of such repossessed assets of the Group is disclosed in Note III.21.

2 Market risk

2.1 Market risk measurement techniques and limits

(1) Trading book

For the purpose of market risk management in the trading book, the Group monitors trading book Value at Risk (VaR) limits, stress testing results and exposure limits and tracks each trading desk and dealer's observance of each limit on a daily basis.

VaR is used to estimate the largest potential loss arising from adverse market movements in a specific holding period and within a certain confidence level.

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.1 Market risk measurement techniques and limits (Continued)

(1) Trading book (Continued)

VaR is performed separately by the Bank and its major subsidiaries that are exposed to market risk, Bank of China Hong Kong (Holdings) Limited ("BOCHK (Holdings)") and BOC International Holdings Limited ("BOCI"). The Bank, BOCHK (Holdings) and BOCI used a 99% level of confidence (therefore, statistical probability of 1% that actual losses could be greater than the VaR estimate) and a historical simulation model to calculate the VaR estimate. The holding period of the VaR calculations is one day. To enhance the Group's market risk management, the Group has established the market risk data mart, which enabled a group level trading book VaR calculation on a daily basis.

The accuracy and reliability of the VaR model is verified by daily back-testing of the VaR results in the trading book. The back-testing results are regularly reported to senior management.

The Group utilises stress testing as an effective supplement to the trading book VaR analysis. Stress testing scenarios are performed based on the characteristics of trading transactions to simulate and estimate losses in adverse and exceptional market conditions. To address changes in the financial markets, the Group enhances its market risk identification capabilities by continuously modifying and improving the trading book stress testing scenarios and measurement methodologies in order to capture the potential impact to transaction market prices stemming from changes in market prices and volatility.

The table below shows the VaR of the trading book by type of risk for the six month periods ended 30 June 2024 and 30 June 2023:

Unit: USD million

	Six month period ended 30 June					
	2024			2023		
	Average	High	Low	Average	High	Low
The Bank's trading VaR						
Interest rate risk	**19.62**	**23.69**	**14.85**	13.22	18.36	9.23
Foreign exchange risk	**33.78**	**49.82**	**24.85**	32.86	38.92	18.49
Volatility risk	**0.63**	**1.09**	**0.36**	0.61	1.15	0.23
Commodity risk	**0.16**	**1.70**	**0.03**	0.23	0.74	0.01
Total of the Bank's trading VaR	**35.82**	**50.13**	**27.70**	28.22	32.77	20.82

The reporting of risk in relation to bullion is included in foreign exchange risk above.

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.1 Market risk measurement techniques and limits (Continued)

(1) Trading book (Continued)

Unit: USD million

	Six month period ended 30 June					
	2024			2023		
	Average	High	Low	Average	High	Low
BOCHK (Holdings)'s trading VaR						
Interest rate risk	**11.59**	**17.81**	**8.18**	5.24	6.71	4.08
Foreign exchange risk	**5.21**	**8.22**	**3.32**	3.76	6.18	2.46
Equity risk	**0.21**	**1.02**	**0.04**	0.51	1.00	0.04
Commodity risk	**0.27**	**0.98**	**0.00**	0.64	1.72	0.00
Total BOCHK (Holdings)'s trading VaR	**11.46**	**17.75**	**8.68**	5.92	7.93	4.55
BOCI's trading VaR[(i)]						
Equity derivatives unit	**0.39**	**0.89**	**0.16**	0.68	1.37	0.17
Fixed income unit	**1.05**	**1.75**	**0.52**	0.88	1.22	0.67
Global commodity unit	**0.32**	**0.48**	**0.20**	0.27	0.48	0.19
Total BOCI's trading VaR	**1.76**	**2.75**	**1.08**	1.83	2.60	1.19

(i) BOCI monitors its trading VaR for equity derivatives unit, fixed income unit and global commodity unit separately, which include equity risk, interest rate risk, foreign exchange risk and commodity risk.

VaR for each risk factor is the independently derived largest potential loss in a specific holding period and within a certain confidence level due to fluctuations solely in that risk factor. The individual VaRs were not added up to the total VaR as there was a diversification effect due to correlation amongst the risk factors.

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.1 Market risk measurement techniques and limits (Continued)

(2) Banking book

Interest rate risk in the banking book ("IRRBB") refers to the risk of losses to a bank's economic value and to its overall earnings of banking book, arising from adverse movements in interest rates level or term structure. IRRBB mainly comes from repricing gaps between assets and liabilities in the banking book, and differences in changes in benchmarking interest rates for assets and liabilities. The Group assesses IRRBB primarily through an interest rate repricing gap analysis. Interest rate gap analysis is set out in Note IV.2.2 and also covers the trading book.

Sensitivity analysis on net interest income

Sensitivity analysis on net interest income assumes that yield curves change in parallel while the structure of assets and liabilities remains unchanged, and does not take into consideration changes in customer behaviour, basis risk, etc. The Group made timely adjustments to the structure of its assets and liabilities, optimised the internal and external pricing strategy or implemented risk hedging based on changes in the market situation, and controlled the fluctuation of net interest income within an acceptable level.

The table below illustrates the potential impact of a 25 basis points interest rate move on the net interest income of the Group for the next twelve months from the reporting date. The actual situation may be different from the assumptions used and it is possible that actual outcomes could differ from the estimated impact on net interest income of the Group.

	Effect on Net Interest Income	
	As at 30 June 2024	As at 31 December 2023
Items		
+25 basis points	**(3,367)**	(797)
- 25 basis points	**3,367**	797

2 Market risk (Continued)

2.2 GAP analysis

The tables below summarise the Group's exposure to interest rate risk. It includes the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	As at 30 June 2024						
	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and due from banks and other financial institutions	696,916	27,972	23,529	2,158	–	69,358	819,933
Balances with central banks	2,239,160	5,514	1,077	1,331	–	226,454	2,473,536
Placements with and loans to banks and other financial institutions	805,796	194,811	404,534	70,906	–	1,179	1,477,226
Derivative financial assets	–	–	–	–	–	148,582	148,582
Loans and advances to customers, net	3,784,943	3,671,965	12,022,699	714,714	162,005	259,814	20,616,140
Financial investments							
— Financial assets at fair value through profit or loss	8,885	59,704	113,176	91,984	90,797	220,854	585,400
— Financial assets at fair value through other comprehensive income	240,031	263,226	441,527	1,605,860	977,831	37,563	3,566,038
— Financial assets at amortised cost	83,377	230,453	199,427	1,239,524	1,500,523	2,164	3,255,468
Other	8,199	–	–	–	–	956,745	964,944
Total assets	7,867,307	4,453,645	13,205,969	3,726,477	2,731,156	1,922,713	33,907,267
Liabilities							
Due to banks and other financial institutions	1,341,155	274,661	999,383	120,943	–	46,975	2,783,117
Due to central banks	188,172	181,324	640,711	–	–	12,100	1,022,307
Placements from banks and other financial institutions	293,036	115,158	117,799	4,650	–	63	530,706
Derivative financial liabilities	–	–	–	–	–	132,314	132,314
Due to customers	11,312,973	2,110,283	4,148,646	5,532,416	197	526,191	23,630,706
Bonds issued	222,116	246,422	762,402	573,236	243,344	16,930	2,064,450
Other*	27,049	30,303	16,553	15,932	4,526	870,328	964,691
Total liabilities	13,384,501	2,958,151	6,685,494	6,247,177	248,067	1,604,901	31,128,291
Total interest repricing gap	(5,517,194)	1,495,494	6,520,475	(2,520,700)	2,483,089	317,812	2,778,976

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.2 GAP analysis (Continued)

	As at 31 December 2023						
	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and due from banks and other financial institutions	430,170	33,594	27,182	2,205	–	75,704	568,855
Balances with central banks	2,674,435	6,592	18,246	1,650	–	240,217	2,941,140
Placements with and loans to banks and other financial institutions	643,068	153,838	356,054	79,299	–	1,629	1,233,888
Derivative financial assets	–	–	–	–	–	146,750	146,750
Loans and advances to customers, net	4,843,034	3,692,199	9,951,888	643,788	175,238	170,724	19,476,871
Financial investments							
— Financial assets at fair value through profit or loss	14,105	43,174	90,064	86,979	102,154	213,945	550,421
— Financial assets at fair value through other comprehensive income	219,682	263,462	397,994	1,445,096	883,020	38,859	3,248,113
— Financial assets at amortised cost	67,953	275,354	322,677	1,194,626	1,497,257	2,316	3,360,183
Other	6,883	–	–	–	–	899,062	905,945
Total assets	8,899,330	4,468,213	11,164,105	3,453,643	2,657,669	1,789,206	32,432,166
Liabilities							
Due to banks and other financial institutions	1,231,612	174,879	696,244	84,331	–	58,296	2,245,362
Due to central banks	395,863	106,490	723,792	418	–	8,757	1,235,320
Placements from banks and other financial institutions	276,759	70,533	123,616	3,964	–	105	474,977
Derivative financial liabilities	–	–	–	–	–	135,973	135,973
Due to customers	11,436,055	2,133,184	3,801,171	5,014,853	190	521,597	22,907,050
Bonds issued	45,688	105,922	880,651	589,001	170,525	10,659	1,802,446
Other*	34,308	40,074	21,429	13,561	3,738	761,113	874,223
Total liabilities	13,420,285	2,631,082	6,246,903	5,706,128	174,453	1,496,500	29,675,351
Total interest repricing gap	(4,520,955)	1,837,131	4,917,202	(2,252,485)	2,483,216	292,706	2,756,815

* Other includes insurance contract liabilities.

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.3 Foreign currency risk

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 30 June 2024 and 31 December 2023. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the tables are the carrying amounts of the assets and liabilities of the Group along with off-balance sheet positions and credit commitments in RMB equivalent, categorised by the original currencies. Derivative financial instruments are included in net off-balance sheet position using notional amounts.

	As at 30 June 2024							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Cash and due from banks and other financial institutions	569,425	138,483	31,373	30,721	28,996	4,506	16,429	819,933
Balances with central banks	1,968,560	212,716	31,332	97,801	55,488	55,259	52,380	2,473,536
Placements with and loans to banks and other financial institutions	1,090,613	272,825	20,007	15,900	2,216	1,618	74,047	1,477,226
Derivative financial assets	67,340	49,714	3,239	2,536	11,663	6,536	7,554	148,582
Loans and advances to customers, net	17,469,732	1,012,509	1,324,469	266,529	17,144	89,031	436,726	20,616,140
Financial investments								
— Financial assets at fair value through profit or loss	364,931	109,773	100,946	9,601	–	117	32	585,400
— Financial assets at fair value through other comprehensive income	2,416,173	639,768	244,583	52,509	46,214	8,590	158,201	3,566,038
— Financial assets at amortised cost	2,854,570	319,843	13,268	15,101	–	752	51,934	3,255,468
Other	370,019	173,845	248,783	3,314	2,070	2,218	164,695	964,944
Total assets	27,171,363	2,929,476	2,018,000	494,012	163,791	168,627	961,998	33,907,267
Liabilities								
Due to banks and other financial institutions	2,273,214	353,885	30,996	43,025	21,987	3,877	56,133	2,783,117
Due to central banks	911,712	80,077	28,704	735	–	–	1,079	1,022,307
Placements from banks and other financial institutions	143,442	314,407	31,365	16,868	3,522	4,618	16,484	530,706
Derivative financial liabilities	64,003	43,226	3,882	1,438	7,392	5,608	6,765	132,314
Due to customers	18,947,520	2,202,001	1,483,914	259,634	172,856	72,345	492,436	23,630,706
Bonds issued	1,826,932	217,280	3,468	14,222	–	4	2,544	2,064,450
Other	451,651	137,338	332,620	4,913	1,583	9,483	27,103	964,691
Total liabilities	24,618,474	3,348,214	1,914,949	340,835	207,340	95,935	602,544	31,128,291
Net on-balance sheet position	2,552,889	(418,738)	103,051	153,177	(43,549)	72,692	359,454	2,778,976
Net off-balance sheet position	(96,028)	354,881	192,292	(149,377)	52,785	(70,734)	(274,903)	8,916
Credit commitments	5,188,806	909,321	249,849	203,652	15,494	68,735	145,877	6,781,734

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

2 Market risk (Continued)

2.3 Foreign currency risk (Continued)

	As at 31 December 2023							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Cash and due from banks and other financial institutions	362,047	123,898	23,991	27,005	7,663	4,432	19,819	568,855
Balances with central banks	2,357,156	279,250	24,695	101,258	45,242	57,641	75,898	2,941,140
Placements with and loans to banks and other financial institutions	860,582	267,619	21,444	8,021	1,885	1,396	72,941	1,233,888
Derivative financial assets	65,988	43,462	3,596	3,681	8,323	11,133	10,567	146,750
Loans and advances to customers, net	16,269,917	1,011,438	1,399,632	277,488	14,021	102,739	401,636	19,476,871
Financial investments								
— Financial assets at fair value through profit or loss	344,681	102,755	92,701	9,805	452	27	–	550,421
— Financial assets at fair value through other comprehensive income	2,166,348	580,401	258,080	46,738	38,654	4,282	153,610	3,248,113
— Financial assets at amortised cost	2,930,748	339,996	21,539	26,528	–	747	40,625	3,360,183
Other	356,029	175,908	248,623	3,075	1,201	1,988	119,121	905,945
Total assets	25,713,496	2,924,727	2,094,301	503,599	117,441	184,385	894,217	32,432,166
Liabilities								
Due to banks and other financial institutions	1,644,498	396,589	29,123	44,605	34,081	9,022	87,444	2,245,362
Due to central banks	1,140,227	63,749	24,489	3,982	–	–	2,873	1,235,320
Placements from banks and other financial institutions	129,880	295,787	15,877	16,973	726	4,145	11,589	474,977
Derivative financial liabilities	64,969	37,234	4,269	2,539	4,639	11,216	11,107	135,973
Due to customers	18,282,470	2,131,110	1,475,624	273,757	172,048	91,981	480,060	22,907,050
Bonds issued	1,555,318	216,639	3,629	21,267	401	–	5,192	1,802,446
Other	364,971	127,919	344,662	3,868	483	9,449	22,871	874,223
Total liabilities	23,182,333	3,269,027	1,897,673	366,991	212,378	125,813	621,136	29,675,351
Net on-balance sheet position	2,531,163	(344,300)	196,628	136,608	(94,937)	58,572	273,081	2,756,815
Net off-balance sheet position	(129,268)	336,974	64,381	(126,020)	111,695	(53,863)	(196,093)	7,806
Credit commitments	5,240,210	873,046	256,198	197,222	15,638	70,590	141,301	6,794,205

IV FINANCIAL RISK MANAGEMENT (Continued)

3 Liquidity risk

The tables below analyse the Group's assets and liabilities into relevant maturity groupings based on the remaining period from the financial reporting date to the contractual maturity date.

	As at 30 June 2024							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Assets								
Cash and due from banks and other financial institutions	–	309,534	456,740	27,972	23,529	2,158	–	819,933
Balances with central banks	1,623,878	527,795	287,820	11,441	21,271	1,331	–	2,473,536
Placements with and loans to banks and other financial institutions	442	–	761,342	182,877	419,347	107,622	5,596	1,477,226
Derivative financial assets	–	14,641	26,968	16,879	42,518	35,026	12,550	148,582
Loans and advances to customers, net	137,075	329,077	666,843	1,087,766	5,149,089	6,272,032	6,974,258	20,616,140
Financial investments								
— Financial assets at fair value through profit or loss	219,777	–	7,294	59,177	112,931	95,407	90,814	585,400
— Financial assets at fair value through other comprehensive income	32,869	–	194,943	240,008	453,877	1,640,202	1,004,139	3,566,038
— Financial assets at amortised cost	680	–	76,082	72,255	355,533	1,243,644	1,507,274	3,255,468
Other	361,081	392,324	45,087	7,140	23,506	87,178	48,628	964,944
Total assets	2,375,802	1,573,371	2,523,119	1,705,515	6,601,601	9,484,600	9,643,259	33,907,267
Liabilities								
Due to banks and other financial institutions	–	1,230,317	152,880	273,807	1,000,730	125,383	–	2,783,117
Due to central banks	–	86,824	101,743	184,482	649,258	–	–	1,022,307
Placements from banks and other financial institutions	–	–	285,003	111,468	128,305	5,930	–	530,706
Derivative financial liabilities	–	10,296	25,072	16,607	38,547	30,800	10,992	132,314
Due to customers	–	9,472,595	2,071,539	2,128,181	4,264,828	5,693,359	204	23,630,706
Bonds issued	–	–	216,073	220,559	781,935	602,539	243,344	2,064,450
Other	604	333,837	128,825	41,522	102,205	115,915	241,783	964,691
Total liabilities	604	11,133,869	2,981,135	2,976,626	6,965,808	6,573,926	496,323	31,128,291
Net liquidity gap	2,375,198	(9,560,498)	(458,016)	(1,271,111)	(364,207)	2,910,674	9,146,936	2,778,976

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

3 Liquidity risk (Continued)

	As at 31 December 2023							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Assets								
Cash and due from banks and other financial institutions	–	238,970	267,081	33,110	25,798	3,896	–	568,855
Balances with central banks	1,691,309	1,001,820	219,292	8,555	18,514	1,650	–	2,941,140
Placements with and loans to banks and other financial institutions	412	–	602,580	145,395	367,085	113,165	5,251	1,233,888
Derivative financial assets	–	14,286	21,314	27,845	39,778	32,029	11,498	146,750
Loans and advances to customers, net	78,145	312,850	721,128	1,277,791	4,490,884	5,854,905	6,741,168	19,476,871
Financial investments								
— Financial assets at fair value through profit or loss	212,915	–	11,506	42,659	89,599	90,924	102,818	550,421
— Financial assets at fair value through other comprehensive income	30,843	–	211,452	228,473	407,850	1,470,822	898,673	3,248,113
— Financial assets at amortised cost	658	–	58,972	120,659	324,230	1,350,444	1,505,220	3,360,183
Other	368,379	327,177	33,726	13,254	22,587	87,727	53,095	905,945
Total assets	2,382,661	1,895,103	2,147,051	1,897,741	5,786,325	9,005,562	9,317,723	32,432,166
Liabilities								
Due to banks and other financial institutions	–	1,221,270	62,895	174,764	699,492	86,941	–	2,245,362
Due to central banks	–	50,487	344,398	108,408	731,609	418	–	1,235,320
Placements from banks and other financial institutions	–	–	267,240	51,538	152,160	4,039	–	474,977
Derivative financial liabilities	–	10,025	24,513	25,549	38,079	28,811	8,996	135,973
Due to customers	–	9,575,443	2,077,958	2,129,883	3,939,723	5,183,834	209	22,907,050
Bonds issued	–	–	36,833	92,660	893,356	609,072	170,525	1,802,446
Other	349	287,111	74,296	46,734	135,259	113,030	217,444	874,223
Total liabilities	349	11,144,336	2,888,133	2,629,536	6,589,678	6,026,145	397,174	29,675,351
Net liquidity gap	2,382,312	(9,249,233)	(741,082)	(731,795)	(803,353)	2,979,417	8,920,549	2,756,815

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value

4.1 Financial instruments measured at fair value

Financial instruments measured at fair value are classified into the following three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, including equity securities listed on exchanges or debt instruments issued by certain governments and certain exchange-traded derivative contracts.

- Level 2: Valuation technique for which all inputs that have a significant effect on the recorded fair value other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly. This level includes the majority of the over-the-counter ("OTC") derivative contracts, debt securities for which quotations are available from pricing service providers, discounted bills, etc.

- Level 3: Valuation technique using inputs which have a significant effect on the recorded fair value for the asset or liability are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

The Group uses valuation techniques or counterparty quotations to determine the fair value when it is unable to obtain open market quotation in active markets.

The main parameters used in valuation techniques include bond prices, interest rates, foreign exchange rates, equity and stock prices, volatilities, counterparty credit spreads and others, which are all observable and obtainable from the open market.

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.1 Financial instruments measured at fair value (Continued)

For certain illiquid debt securities (mainly asset-backed securities), unlisted equity (private equity) and unlisted funds held by the Group, management uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have a significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. As at 30 June 2024, the Group's significant unobservable inputs included discount rates, expected dividend, price/earnings multiples, price/sales multiples, liquidity discounts, and net asset value of unlisted investments, recent transaction prices, etc. Management determines whether to make necessary adjustments to the fair value of the Group's Level 3 financial instruments by assessing the impact of changes in macro-economic factors, and valuations by external valuation agencies. The Group has established internal control procedures to control the Group's exposure to such financial instruments.

The Group has established a robust internal control policy for the measurement of fair values. The Board of Directors has ultimate responsibility for the fair value valuation of financial instruments and approves valuation policies; The Risk Policy Committee assists the board in supervising the senior management to establish and improve the system of valuation and execution mechanism; Senior management organizes the valuation process and is accountable to the Board.

The Group has established an independent valuation process for financial assets and financial liabilities. The financial management related departments of Head Office coordinate the management of the Group's financial instrument valuation. The risk management related departments of Head Office are responsible for validating the valuation models.

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.1 Financial instruments measured at fair value (Continued)

	As at 30 June 2024			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Due from and placements with banks and other financial institutions at fair value	–	30,556	–	30,556
Derivative financial assets	932	147,650	–	148,582
Loans and advances to customers at fair value	–	589,210	762	589,972
Financial investments				
— Financial assets at fair value through profit or loss				
— Debt securities	8,513	354,026	1,451	363,990
— Equity instruments	21,011	1,089	91,189	113,289
— Fund investments and other	24,853	14,738	68,530	108,121
— Financial assets at fair value through other comprehensive income				
— Debt securities	376,857	3,153,917	–	3,530,774
— Equity instruments and other	6,428	11,930	16,906	35,264
Financial liabilities measured at fair value				
Due to and placements from banks and other financial institutions at fair value	–	(23,375)	–	(23,375)
Due to customers at fair value	–	(37,338)	–	(37,338)
Bonds issued at fair value	–	(4,143)	–	(4,143)
Financial liabilities held for trading	(1,382)	(34,346)	–	(35,728)
Derivative financial liabilities	(913)	(131,401)	–	(132,314)

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Due from and placements with banks and other financial institutions at fair value	–	18,126	–	18,126
Derivative financial assets	4,857	141,893	–	146,750
Loans and advances to customers at fair value	–	717,994	782	718,776
Financial investments				
— Financial assets at fair value through profit or loss				
— Debt securities	5,707	328,603	1,874	336,184
— Equity instruments	19,507	2,135	90,792	112,434
— Fund investments and other	25,465	10,512	65,826	101,803
— Financial assets at fair value through other comprehensive income				
— Debt securities	301,899	2,914,084	–	3,215,983
— Equity instruments and other	6,117	11,020	14,993	32,130
Financial liabilities measured at fair value				
Due to and placements from banks and other financial institutions at fair value	–	(3,798)	–	(3,798)
Due to customers at fair value	–	(47,657)	–	(47,657)
Bonds issued at fair value	–	(2,118)	–	(2,118)
Financial liabilities held for trading	(729)	(53,535)	–	(54,264)
Derivative financial liabilities	(5,009)	(130,964)	–	(135,973)

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.1 Financial instruments measured at fair value (Continued)

Reconciliation of Level 3 items

	Loans and advances to customers at fair value	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income
		Debt Securities	Equity instruments	Fund investments and other	Equity instruments and other
As at 1 January 2024	782	1,874	90,792	65,826	14,993
Total gains and losses					
— (loss)/profit	–	(463)	436	1,167	–
— other comprehensive income	–	–	–	–	42
Sales	–	–	(2,432)	(1,087)	249
Purchases	–	40	3,067	2,574	1,601
Transfers out of Level 3, net	–	–	(674)	–	–
Other changes	(20)	–	–	50	21
As at 30 June 2024	762	1,451	91,189	68,530	16,906
Total (losses)/gains for the period included in the income statement for assets held as at 30 June 2024	–	(463)	532	1,167	–

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.1 Financial instruments measured at fair value (Continued)

Reconciliation of Level 3 items (Continued)

	Loans and advances to customers at fair value	Financial assets at fair value through profit or loss			Financial assets at fair value through other comprehensive income	
		Debt securities	Equity instruments	Fund investments and other	Debt securities	Equity instruments and other
As at 1 January 2023	743	5,027	84,637	62,170	657	10,995
Total gains and losses						
— (loss)/profit	–	(765)	(331)	2,028	–	–
— other comprehensive income	–	–	–	–	–	3,152
Sales	–	(1,031)	(10,170)	(5,617)	–	(603)
Purchases	–	208	16,664	7,140	–	1,425
Transfers out of Level 3, net	–	(1,589)	(8)	–	(666)	–
Other changes	39	24	–	105	9	24
As at 31 December 2023	782	1,874	90,792	65,826	–	14,993
Total (losses)/gains for the period included in the income statement for assets held as at 31 December 2023	–	(759)	(189)	2,022	–	–

Total gains or losses for the six month period ended 30 June 2024 and the year ended 31 December 2023 included in the income statement including total gains or losses included in the income statement relating to financial instruments held as at 30 June 2024 and 31 December 2023 are presented in "Net trading gains", "Net gains on transfers of financial asset", "Credit impairment losses" or "Other comprehensive income" depending on the nature or category of the related financial instruments.

Gains or losses on Level 3 financial assets and liabilities included in the income statement comprise:

	Six month period ended 30 June					
	2024			2023		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains/(losses)	**(96)**	**1,236**	**1,140**	(76)	2,099	2,023

There were no significant transfers of the financial assets and liabilities measured at fair value between Level 1 and Level 2 during the six month period ended 30 June 2024.

As at 30 June 2024, a 10% increase in all significant unobservable inputs applied in the valuation technique including the discount rates, expected dividend, price/earnings multiples, price/sales multiples and liquidity discounts would not result in significant variation in fair valuation of Level 3 financial instruments.

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.2 Financial instruments not measured at fair value

Financial assets not presented at fair value in the statement of financial position mainly represent "Due from banks and other financial institutions", "Government certificates of indebtedness for bank notes issued", and "Balances with central banks", "Placements with banks and other financial institutions", "Loans and advances to customers", "Financial investments" measured at amortised cost. Liabilities not presented at fair value in the statement of financial position mainly represent "Due to banks and other financial institutions", "Due to central banks", "Bank notes in circulation", and "Placements from banks and other financial institutions", "Due to customers", "Bonds issued" at amortised cost.

The tables below summarise the carrying amounts and fair values of "Debt securities at amortised cost" and "Bonds issued" not presented at fair value at the financial reporting date.

	As at 30 June 2024		As at 31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Debt securities at amortised cost(1)	**3,233,722**	**3,385,854**	3,341,192	3,425,739
Financial liabilities				
Bonds issued(2)	**2,060,307**	**2,078,738**	1,800,328	1,806,910

(1) Debt securities at amortised cost

The China Orient Bond and Special Purpose Treasury Bond held by the Bank are non-transferable. As there are no observable market prices or yields reflecting arm's length transactions of a comparable size and tenor, the fair values are determined based on the stated interest rate of the instruments.

Fair values of other debt securities are based on market prices or broker/dealer price quotations. Where this information is not available, the Bank will perform valuation by referring to prices from valuation service providers or on the basis of discounted cash flow models. Valuation parameters include market interest rates, and expected future default rates. The fair values of RMB bonds are mainly determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd.

(2) Bonds issued

The aggregate fair values are calculated based on quoted market prices. For those bonds where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

IV FINANCIAL RISK MANAGEMENT (Continued)

4 Fair value (Continued)

4.2 Financial instruments not measured at fair value (Continued)

The tables below summarise the fair values of three levels of "Debt securities at amortised cost" (excluding the China Orient Bond and Special Purpose Treasury Bond), and "Bonds issued" not presented at fair value at the financial reporting date.

	As at 30 June 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Debt securities at amortised cost	**161,042**	**3,028,929**	**13**	**3,189,984**
Financial liabilities				
Bonds issued	**–**	**2,078,738**	**–**	**2,078,738**

	As at 31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Debt securities at amortised cost	186,119	3,044,203	11	3,230,333
Financial liabilities				
Bonds issued	–	1,806,910	–	1,806,910

Other than the above, the difference between the carrying amounts and fair values of those financial assets and liabilities not presented at their fair value in the condensed consolidated interim statement of financial position is insignificant. Fair value is measured using discounted cash flow model.

IV FINANCIAL RISK MANAGEMENT (Continued)

5 Capital management

The Group follows the principles below with regard to capital management:

- Adequate capital and sustainable development. Follow the lead of the strategic planning of the Group development; and maintain the high quality and adequacy of capital as to meet regulation requirements, support business growth, and advance the sustainable development of the scale, quality and performance of the business in the Group.

- Allocation optimisation and benefit augmentation. Allocate capital properly by prioritising the asset businesses with low capital occupancy and high comprehensive income, and steadily improve the efficiency and return of capital, to achieve the reciprocal matchup and dynamic equilibrium among risks, capital and returns.

- Refined management and capital level improvement. Optimise the capital management system by sufficiently identifying, calculating, monitoring, mitigating, and controlling various types of risks; incorporate capital restraints into the whole process of product pricing, resource allocation, structural adjustments, performance evaluation, etc., ensuring that the capital employed is commensurate with the related risks and the level of risk management.

Capital adequacy and regulatory capital are monitored by the Group's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the NFRA, for supervisory purposes. The required information is filed with the NFRA on a quarterly basis.

The Group's capital adequacy ratios are calculated in accordance with the *Capital Rules for Commercial Banks* (J.J.Z.J.L [2023] No.4) issued by the NFRA and other relevant regulations. With the approval of the NFRA, the Group adopts advanced capital measurement approaches to calculate credit risk. For the Bank's Head Office, domestic branches and BOCHK, Foundation Internal Rating-Based (FIRB) approach is adopted for general corporates and small or medium-sized entities (SMEs) credit risk exposures, while Advanced Internal Rating-Based (AIRB) approach is adopted for retail residential mortgages, qualifying revolving retail exposures (QRRE) as well as other retail risk exposures. Standardised approach is adopted for other types of credit risk exposures and all credit risk exposures of other consolidated institutions. The Group adopts standardised approach to calculate market risk and operational risk.

As a Systemically Important Bank, the Group's capital adequacy ratios are required to meet the lowest requirements of the NFRA, that is, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should be no less than 9.00%, 10.00% and 12.00%, respectively.

The Group's regulatory capital is managed by its capital management related departments and consists of the following:

- Common equity tier 1 capital, including common shares, capital reserve, surplus reserve, general reserve, undistributed profits, accumulated other comprehensive income, eligible portion of minority interests;

- Additional tier 1 capital, including additional tier 1 capital instruments issued and related premium and eligible portion of minority interests;

- Tier 2 capital, including directly issued qualifying tier 2 capital instruments and related premium, excess loss provisions and eligible portion of minority interests.

Goodwill, other intangible assets (excluding land use rights), and other deductible items are deducted from common equity tier 1 capital to derive at the regulatory capital.

IV FINANCIAL RISK MANAGEMENT (Continued)

5 Capital management (Continued)

The table below summarises the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio[1] calculated in accordance with the *Capital Rules for Commercial Banks* and other relevant regulations.

	As at 30 June 2024
Common equity tier 1 capital adequacy ratio	**12.03%**
Tier 1 capital adequacy ratio	**14.02%**
Capital adequacy ratio	**18.91%**
Composition of the Group's capital base	
Common equity tier 1 capital	**2,251,327**
Common shares	**294,388**
Capital reserve	**134,332**
Surplus reserve	**255,758**
General reserve	**378,935**
Undistributed profits	**1,093,456**
Eligible portion of minority interests	**36,001**
Other[2]	**58,457**
Regulatory deductions	**(21,516)**
Of which:	
Goodwill	**(236)**
Other intangible assets (except for land use rights)	**(21,269)**
Direct or indirect investments in own shares	**–**
Investments in common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**–**
Net common equity tier 1 capital	**2,229,811**
Additional tier 1 capital	**368,547**
Preference shares and related premium	**119,550**
Additional capital instruments and related premium	**239,963**
Eligible portion of minority interests	**9,034**
Net tier 1 capital	**2,598,358**
Tier 2 capital	**907,029**
Directly issued qualifying tier 2 capital instruments and related premium	**654,127**
Excess loss provisions	**243,645**
Eligible portion of minority interests	**9,257**
Net capital	**3,505,387**
Risk-weighted assets	**18,539,055**

(Amounts in millions of Renminbi, unless otherwise stated)

IV FINANCIAL RISK MANAGEMENT (Continued)

5 Capital management (Continued)

The *Capital Rules for Commercial Banks* has been applied from 1 January 2024 and the comparative figures as at 31 December 2023 were calculated in accordance with the former *Capital Rules for Commercial Banks (Provisional)* and related regulations.

	As at 31 December 2023
Common equity tier 1 capital adequacy ratio	11.63%
Tier 1 capital adequacy ratio	13.83%
Capital adequacy ratio	17.74%
Composition of the Group's capital base	
Common equity tier 1 capital	2,193,211
Common shares	294,388
Capital reserve	134,339
Surplus reserve	255,137
General reserve	379,063
Undistributed profits	1,060,652
Eligible portion of minority interests	36,123
Other(2)	33,509
Regulatory deductions	(31,386)
Of which:	
Goodwill	(182)
Other intangible assets (except for land use rights)	(21,094)
Direct or indirect investments in own shares	–
Investments in common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	(9,978)
Net common equity tier 1 capital	2,161,825
Additional tier 1 capital	408,447
Preference shares and related premium	119,550
Additional capital instruments and related premium	279,955
Eligible portion of minority interests	8,942
Net tier 1 capital	2,570,272
Tier 2 capital	727,136
Directly issued qualifying tier 2 capital instruments and related premium	534,124
Excess loan loss provisions	184,316
Eligible portion of minority interests	8,696
Net capital	3,297,408
Risk-weighted assets	18,591,278

(1) When calculating the capital adequacy ratios, Bank of China Group Investment Limited, Bank of China Insurance Company Limited, Bank of China Group Insurance Company Limited and Bank of China Group Life Assurance Company Limited, etc., were excluded from the scope of consolidation in accordance with requirements of the NFRA.

(2) This mainly represented exchange differences from the translation of foreign operations and gains/(losses) on financial assets at fair value through other comprehensive income.

IV FINANCIAL RISK MANAGEMENT (Continued)

6 Insurance risk

Insurance contracts are mainly sold in the Chinese mainland and Hong Kong (China). The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. By the nature of an insurance contract, the risk is random and therefore unpredictable. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages its portfolio of insurance risks through its appropriate underwriting strategy and policies, as well as adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for insurance risks and recognises insurance contract liabilities. For life insurance contracts, the key assumptions include assumptions in respect of discount rates/investment return, mortality, morbidity, lapse rates, and expenses assumptions relating to life insurance contracts. For non-life insurance contracts, the key assumptions include assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year which are determined based on the Group's past claim experiences.

I DIFFERENCES BETWEEN CONSOLIDATED INTERIM FINANCIAL STATEMENTS UNDER IFRS ACCOUNTING STANDARDS AND CAS

There were no differences in the Group's operating results for the six month periods ended 30 June 2024 and 30 June 2023 or total equity as at 30 June 2024 and 31 December 2023 presented in the Group's condensed consolidated interim financial statements prepared under IFRS Accounting Standards and those prepared under CAS.

II UNREVIEWED SUPPLEMENTARY INFORMATION

1 Currency concentrations

The following information is computed in accordance with the provisions of the NFRA.

	Equivalent in millions of RMB			
	USD	HKD	Other	Total
As at 30 June 2024				
Spot assets	**3,547,164**	**1,799,068**	**1,780,209**	**7,126,441**
Spot liabilities	**(4,032,084)**	**(1,996,931)**	**(1,508,668)**	**(7,537,683)**
Forward purchases	**8,050,267**	**1,307,138**	**1,810,584**	**11,167,989**
Forward sales	**(7,447,190)**	**(1,141,386)**	**(2,112,599)**	**(10,701,175)**
Net option position*	**(80,499)**	**(535)**	**(2,270)**	**(83,304)**
Net long/(short) position	**37,658**	**(32,646)**	**(32,744)**	**(27,732)**
Structural position	**11,114**	**240,038**	**126,463**	**377,615**
As at 31 December 2023				
Spot assets	3,874,639	2,159,470	2,124,965	8,159,074
Spot liabilities	(4,285,544)	(2,224,759)	(1,860,310)	(8,370,613)
Forward purchases	6,860,503	1,275,519	2,027,654	10,163,676
Forward sales	(6,368,632)	(1,227,856)	(2,315,854)	(9,912,342)
Net options position*	(51,103)	(1,524)	7,417	(45,210)
Net long/(short) position	29,863	(19,150)	(16,128)	(5,415)
Structural position	61,436	261,509	108,368	431,313

* The net option position is calculated in accordance with the relevant provisions of the NFRA.

II UNREVIEWED SUPPLEMENTARY INFORMATION (Continued)

2 International claims

The Group discloses international claims according to *Banking (Disclosure) Rules* (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, exclude local claims on local residents in local currency. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a counterparty whose head office is located in another country.

International claims include "Balances with central banks", "Due from and placements with and loans to banks and other financial institutions", "Loans and advances to customers" and "Financial investments", etc.

International claims have been disclosed by major countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers.

	Banks	Official sector	Non-bank private sector	Total
As at 30 June 2024				
Asia Pacific				
Chinese mainland	**764,955**	**604,735**	**697,805**	**2,067,495**
Hong Kong (China)	**21,292**	**20,399**	**500,616**	**542,307**
Other Asia Pacific locations	**90,485**	**111,304**	**469,340**	**671,129**
Subtotal	**876,732**	**736,438**	**1,667,761**	**3,280,931**
North and South America	**112,150**	**427,678**	**292,087**	**831,915**
Europe and other	**100,034**	**169,621**	**378,881**	**648,536**
Total	**1,088,916**	**1,333,737**	**2,338,729**	**4,761,382**
As at 31 December 2023				
Asia Pacific				
Chinese mainland	747,591	474,024	723,316	1,944,931
Hong Kong (China)	23,598	21,249	483,096	527,943
Other Asia Pacific locations	95,721	88,436	453,002	637,159
Subtotal	866,910	583,709	1,659,414	3,110,033
North and South America	91,766	385,078	293,396	770,240
Europe and other	100,592	167,528	360,616	628,736
Total	1,059,268	1,136,315	2,313,426	4,509,009

(Amounts in millions of Renminbi, unless otherwise stated)

II UNREVIEWED SUPPLEMENTARY INFORMATION (Continued)

3 Overdue assets

For the purpose of the table below, the entire outstanding balance of "Loans and advances to customers" and "Placements with and loans to banks and other financial institutions" are considered overdue if either principal or interest payment is overdue.

3.1 Total amount of overdue loans and advances to customers

	As at 30 June 2024	As at 31 December 2023
Total loans and advances to customers which have been overdue		
within 3 months	**90,873**	73,663
between 3 and 6 months	**44,645**	35,212
between 6 and 12 months	**51,398**	41,397
over 12 months	**68,103**	60,357
Total	**255,019**	210,629
Percentage		
within 3 months	**0.43%**	0.37%
between 3 and 6 months	**0.21%**	0.18%
between 6 and 12 months	**0.25%**	0.21%
over 12 months	**0.32%**	0.30%
Total	**1.21%**	1.06%

3.2 Total amount of overdue placements with and loans to banks and other financial institutions

The total amount of overdue "Placements with and loans to banks and other financial institutions" as at 30 June 2024 and 31 December 2023 was not considered material.

Bank of China Limited

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

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