



## JIANGXI BANK CO., LTD.

(A Joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code: 1916

# Interim Report 2022



江西銀行  
JIANGXI BANK



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\* This interim report is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.

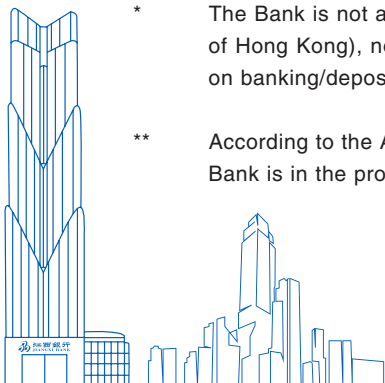
## CHAPTER I COMPANY PROFILE

### 1.1 BASIC INFORMATION

Statutory Chinese name of the Company:	江西銀行股份有限公司*
Statutory English name of the Company:	JIANGXI BANK CO., LTD.*
Legal representative:	ZENG Hui**
Authorized representatives:	NGAI Wai Fung
Company Secretary:	NGAI Wai Fung
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB6,024,276,901
Registered and office address:	Jiangxi Bank Tower, No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province, the PRC
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wan Chai, Hong Kong
Contact number:	+86-791-86791009
Fax:	+86-791-86771100
Website of the Bank:	www.jx-bank.com (the contents of the website do not form a part of this report)
Service hotline:	+86-956055
Domestic auditor:	BDO China Shu Lun Pan Certified Public Accountants LLP
International auditor:	BDO LIMITED
Legal advisor in mainland China:	Zhong Lun Law Firm
Legal advisor in Hong Kong:	Clifford Chance
Stock exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Domestic Shares custodian:	China Securities Depository and Clearing Corporation Limited

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

\*\* According to the Articles of Association of the Bank, the Chairman is the legal representative of the Bank and the Bank is in the process of registering the change of legal representative.





## CHAPTER I COMPANY PROFILE

### 1.2 MAJOR AWARDS IN THE FIRST HALF OF 2022

In January 2022, the Bank was awarded the “2021 Market Influence Award – Core Trader”, “2021 Market Influence Award – Currency Market Trader” and “2021 Market Innovation Award – XRepo” by China Foreign Exchange Trade System & National Interbank Funding Centre.

In January 2022, the Bank was awarded the “Top 100 Proprietary Settlement” by China Central Depository & Clearing Co., Ltd.

In January 2022, the Bank was awarded the title of “Core Underwriter” and “Green Development Concept Promotion Award” by The Export-Import Bank of China for the 2021 Financial Bond Underwriting Syndicate.

In February 2022, the Bank was granted the title of “Comprehensive Excellence Award” of the 2021 Cross-border RMB Business by Nanchang Central Sub-branch of the PBOC and the Financial Work Office of People’s Government of Jiangxi Province.

In March 2022, the Bank was ranked 14th in the “2021 Jiangxi Enterprise Top 100 List” jointly issued by Jiangxi Enterprise Confederation and Jiangxi Enterprise Directors Association.

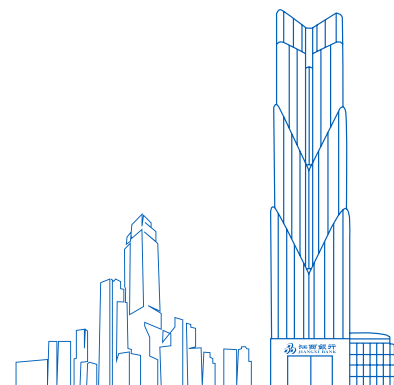
In June 2022, the Bank won the “First Prize of the Group” in the Credit Business Competition for Financial Institutions in Jiangxi Province held by Nanchang Central Sub-branch of the PBOC.

In June 2022, the Bank was awarded the “Excellent Fixed Income Bank Wealth Management Product Award” by PYSTANDARD.

In June 2022, the Bank ranked 47th in commercial banks in the “2021 China Banking Top 100 List” of China Banking Association.

In July 2022, the Bank was ranked 227th by Tier 1 capital in the “Top 1000 Global Banks 2021” list published by The Banker Magazine in United Kingdom.

In July 2022, the instant music video created by the Bank – the “Promotion Video for Combating Cross-border Gambling of Telecommunication Network Fraud” was awarded the “Excellent Promotion Work” by the Nanchang Central Sub-branch Office of the PBOC, with the theme of “Red Finance Shines in Jiangxi Province, Consumer Protection Walks Together for the People”.

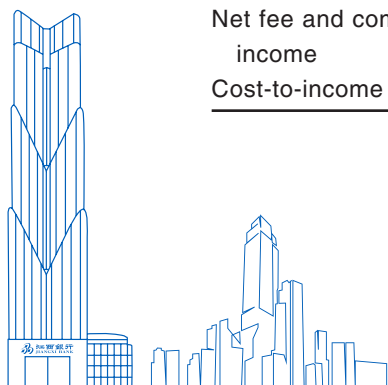


## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### 2.1 FINANCIAL DATA

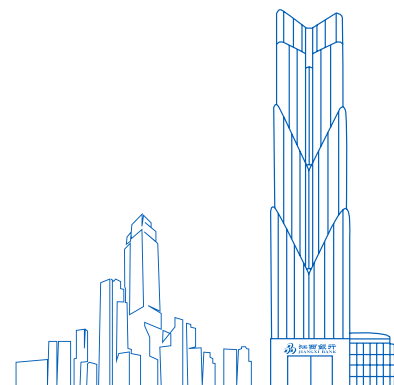
The financial information set out in this interim report has been prepared on a combined basis in accordance with the International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	For the six months ended June 30,		2022 compared to 2021
	2022	2021	
(in millions of RMB, unless otherwise stated)			
<b>Operating results</b>			<b>Change rate (%)</b>
Net interest income	4,621.67	4,135.59	11.75
Net fee and commission income	373.44	416.14	(10.26)
Operating income	6,317.67	5,354.06	18.00
Operating expenses	(1,543.25)	(1,508.64)	2.29
Impairment losses on assets	(3,207.25)	(2,239.73)	43.20
Profit before taxation	1,570.13	1,608.69	(2.40)
Profit for the period	1,317.34	1,353.40	(2.66)
Profit attributable to equity Shareholders of the Bank	1,281.52	1,330.32	(3.67)
<b>Per share (in RMB/share)</b>			<b>Change rate (%)</b>
Basic earnings per share	0.21	0.22	(4.55)
Basic diluted earnings per share	0.21	0.22	(4.55)
<b>Indicators for profitability (%)</b>			<b>Change</b>
Average return on total assets <sup>(1)</sup>	0.52%	0.58%	(0.06%)
Average return on equity <sup>(2)</sup>	6.80%	7.42%	(0.62%)
Net interest spread <sup>(3)</sup>	1.86%	1.88%	(0.02%)
Net interest margin <sup>(4)</sup>	1.92%	1.90%	0.02%
Net fee and commission income to operating income	5.91%	7.77%	(1.86%)
Cost-to-income ratio <sup>(5)</sup>	23.24%	27.09%	(3.85%)



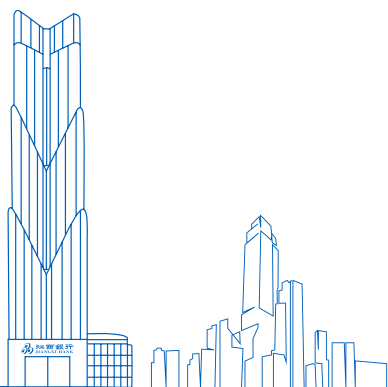
## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>	<b>The first half of 2022 compared to the end of 2021</b>
(in millions of RMB, unless otherwise stated)			
<b>Indicators for volume</b>			<b>Change rate (%)</b>
Total assets	<b>516,256.21</b>	508,559.81	<b>1.51</b>
Including: net loans and advances to customers	<b>291,423.66</b>	270,658.23	<b>7.67</b>
Total liabilities	<b>473,030.91</b>	466,926.37	<b>1.31</b>
Including: deposits from customers	<b>350,593.89</b>	343,726.22	<b>2.00</b>
Share capital	<b>6,024.28</b>	6,024.28	–
Equity attributable to Shareholders of the Bank	<b>42,473.36</b>	40,917.32	<b>3.80</b>
Non-controlling interests	<b>751.94</b>	716.12	<b>5.00</b>
Total equity	<b>43,225.30</b>	41,633.44	<b>3.82</b>
Net assets per share attributable to shareholders of the Bank (RMB/share) <sup>(6)</sup>	<b>6.39</b>	6.13	<b>4.24</b>
<b>Indicators for quality of assets</b>			<b>Change</b>
Non-performing loans ratio	<b>1.88%</b>	1.47%	<b>0.41%</b>
Provision coverage ratio <sup>(7)</sup>	<b>166.84%</b>	188.26%	<b>(21.42%)</b>
Provision ratio of loans <sup>(8)</sup>	<b>3.14%</b>	2.76%	<b>0.38%</b>
<b>Indicators for capital adequacy ratio</b>			<b>Change</b>
Core tier-one capital adequacy ratio	<b>9.51%</b>	9.66%	<b>(0.15%)</b>
Tier-one capital adequacy ratio	<b>11.55%</b>	11.80%	<b>(0.25%)</b>
Capital adequacy ratio	<b>13.29%</b>	14.41%	<b>(1.12%)</b>
Total equity to total assets	<b>8.37%</b>	8.19%	<b>0.18%</b>
<b>Other indicators</b>			<b>Change</b>
Liquidity coverage ratio	<b>409.76%</b>	387.45%	<b>22.31%</b>
Liquidity ratio	<b>90.10%</b>	79.03%	<b>11.07%</b>
Loan-to-deposit ratio	<b>85.61%</b>	80.80%	<b>4.81%</b>



## CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

- Notes:*
- (1) Represents the net profit for the period as a percentage of the average balance of total assets at the beginning and the end of the period.
  - (2) Represents the net profit attributable to Shareholders of the Bank for the period as a percentage of the average balance of total equity attributable to Shareholders of the Bank (excluding other equity instruments) at the beginning and the end of the period.
  - (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on daily average of the interest-earning assets and interest-bearing liabilities.
  - (4) Calculated by dividing net interest income by the average balance of interest-earning assets, calculated based on daily average of the interest-earning assets.
  - (5) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
  - (6) Calculated by dividing total equity attributable to shareholders of the Bank (excluding other equity instruments) at the end of the period by total ordinary share capital at the end of the period.
  - (7) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of non-performing loans.
  - (8) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of loans and advances to customers.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, the international environment was more complicated and challenging, and China witnessed sporadic COVID-19 resurgences with increasing adverse impact. Extremely unusual economic development, exacerbated by unexpected factors, led to mounting downward pressure on the economy in the second quarter. According to the National Bureau of Statistics, China's GDP in the first half of 2022 was RMB56.2642 trillion, representing a year-on-year increase of 2.5%. The GDP grew 4.8% and 0.4% year on year in the first and second quarters respectively. China's economy, shaking off the adverse impact of unexpected factors, trended toward a stable recovery. Particularly, the second quarter registered a positive economic growth, hard-won though. As of the end of the Reporting Period, the balance of broad money was RMB258.15 trillion, the balance of loans in domestic currency was RMB206.35 trillion, the balance of deposits in domestic currency was RMB251.05 trillion, and the size of social financing was RMB334.27 trillion, representing a year-on-year increase of 11.4%, 11.2%, 10.8% and 10.8% respectively.

During the Reporting Period, the Bank conducted its operations mainly in Jiangxi Province, China. The economy recovery of Jiangxi Province was accelerated and showed a stable rebound. In the first half of 2022, Jiangxi Province recorded a year-on-year increase of GDP of 4.9%, the third-highest growth rate in China. Also, the value added of industrial enterprises above designated size, the value of exports and the investments in fixed assets increased 7.4%, 47.3% and 10.6% year on year.

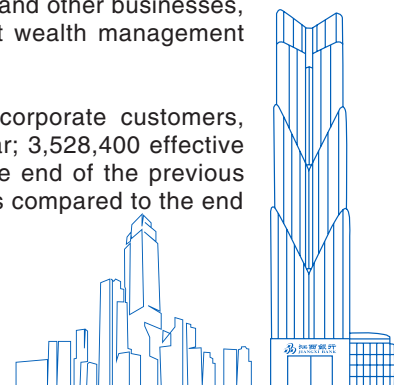
### 3.2 OVERALL OPERATION OVERVIEW

In the first half of 2022, under the strong and powerful leadership of the Jiangxi Provincial Party Committee and the provincial government, the scientific and effective supervision of the regulatory authorities, and the correct leadership of the Party Committee of the Bank, the Bank adhered to the main tone of maintaining stability and making progress while maintaining stability, and grasped the principle of "stabilizing, improving, and optimizing", and the Bank was determined to work hard and strive for excellence, and its operation was stable and improved.

**First, the scale of operation grew steadily.** As of the end of the Reporting Period, the Group's total assets amounted to RMB516.256 billion, representing an increase of 1.51% as compared with the end of last year; total liabilities amounted to RMB473.031 billion, representing an increase of 1.31% as compared with the end of last year; total equity amounted to RMB43.225 billion, representing an increase of 3.82% as compared with the end of last year; deposits from customers amounted to RMB350.594 billion, representing an increase of 2.00% as compared with the end of last year; total loans and advances to customers amounted to RMB300.128 billion, representing an increase of 8.07% as compared with the end of last year. The main regulatory indicators met the standards. The capital adequacy ratio, provision coverage ratio, liquidity ratio and non-performing loan ratio were 13.29%, 166.84%, 90.10% and 1.88%, respectively.

**Second, structural adjustment was carried out in an orderly manner.** The Bank strengthened the active management of assets and liabilities. Net interest spread and net interest margin remained stable, and the cost of fund raising decreased. The average cost rate of savings deposits was 3.10%, representing a decrease of 0.18 percentage points over the same period of last year, the first decline in recent years. The Bank promoted the expansion of inclusive loans, green loans and other businesses, and steadily reduced the scale of non-standard assets and off-balance sheet wealth management business as planned.

**Third, the customer base was consolidated.** There were 61,588 active corporate customers, representing an increase of 1,989 as compared to the end of the previous year; 3,528,400 effective individual customers, representing an increase of 112,500 as compared to the end of the previous year; and 657,100 credit card customers, representing an increase of 21,200 as compared to the end of the previous year.



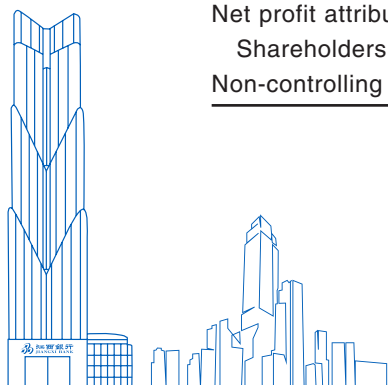


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3 PROFIT STATEMENT ANALYSIS

During the Reporting Period, the Group realised RMB1.570 billion in profit before taxation, representing a decrease of RMB39 million or 2.40% over the previous year, and RMB1.317 billion in net profit, representing a decrease of RMB36 million or 2.66% over the previous year.

	For the six months ended			
	June 30,			
	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Interest income	10,350.97	9,570.79	780.18	8.15
Interest expense	(5,729.30)	(5,435.20)	(294.10)	5.41
<b>Net interest income</b>	<b>4,621.67</b>	<b>4,135.59</b>	<b>486.08</b>	<b>11.75</b>
Fee and commission income	442.98	462.92	(19.94)	(4.31)
Fee and commission expense	(69.54)	(46.78)	(22.76)	48.65
<b>Net fee and commission income</b>	<b>373.44</b>	<b>416.14</b>	<b>(42.70)</b>	<b>(10.26)</b>
Net trading gains	80.27	100.54	(20.27)	(20.16)
Net gains arising from financial investments	1,163.26	688.68	474.58	68.91
Other operating income	79.03	13.11	65.92	502.82
<b>Operating income</b>	<b>6,317.67</b>	<b>5,354.06</b>	<b>963.61</b>	<b>18.00</b>
Operating expenses	(1,543.25)	(1,508.64)	(34.61)	2.29
Impairment losses on assets	(3,207.25)	(2,239.73)	(967.52)	43.20
Share of profits of associates	2.96	3.00	(0.04)	(1.33)
<b>Profit before taxation</b>	<b>1,570.13</b>	<b>1,608.69</b>	<b>(38.56)</b>	<b>(2.40)</b>
Income tax expense	(252.79)	(255.29)	2.50	(0.98)
<b>Profit for the period</b>	<b>1,317.34</b>	<b>1,353.40</b>	<b>(36.06)</b>	<b>(2.66)</b>
Net profit attributable to equity				
Shareholders of the Bank	1,281.52	1,330.32	(48.80)	(3.67)
Non-controlling interests	35.82	23.08	12.74	55.20



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

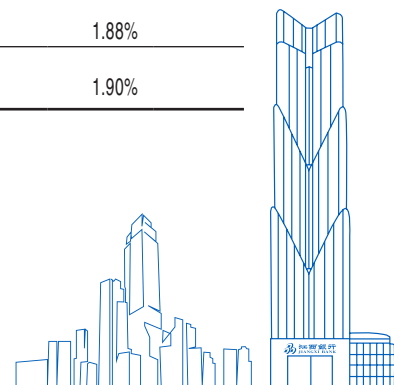
### 3.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

During the Reporting Period, the Group achieved net interest income of RMB4.622 billion, representing an increase of RMB486 million or 11.75% over the last year, among which: an increase of RMB506 million over the last year in net interest income as a result of business scale adjustment and a decrease of RMB20 million over the last year in net interest income as a result of change in yield or cost rate.

The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, the average rate of return on interest-bearing assets, and the average cost rate of interest-bearing liabilities for the periods indicated.

	For the six months ended June 30,					
	2022			2021		
	Average balance	Interest income/expense	Average annualized yield/cost ratio	Average balance	Interest income/expense	Average annualized yield/cost ratio
(in millions of RMB, unless otherwise stated)						
<b>Interest-bearing assets</b>						
Loans and advances to customers	286,349.37	6,969.52	4.86%	235,028.90	6,090.46	5.18%
Financial investments	133,099.80	2,903.63	4.36%	138,493.03	2,983.00	4.30%
Deposits with the Central Bank	32,917.23	228.54	1.38%	37,462.72	269.88	1.44%
Deposits with banks and other financial institutions	1,911.90	3.14	0.32%	2,155.44	3.52	0.32%
Financial assets held under resale agreements	23,376.84	203.20	1.74%	18,947.61	179.95	1.90%
Placements with banks and other financial institutions	3,242.58	42.94	2.64%	3,681.47	43.98	2.38%
<b>Total interest-bearing assets</b>	<b>480,897.72</b>	<b>10,350.97</b>	<b>4.30%</b>	<b>435,769.17</b>	<b>9,570.79</b>	<b>4.40%</b>
<b>Interest-bearing liabilities</b>						
Deposits from customers	338,850.58	4,031.22	2.38%	321,478.94	3,870.78	2.40%
Deposits from banks and other financial institutions	21,684.41	286.70	2.64%	23,316.71	324.20	2.78%
Borrowing from the Central Bank <sup>(1)</sup>	16,365.86	194.35	2.38%	10,059.58	155.41	3.08%
Placements from banks and other financial institutions	4,310.39	60.42	2.80%	3,997.46	54.85	2.74%
Financial assets sold under repurchase agreements	26,677.05	231.02	1.74%	22,146.03	209.90	1.90%
Debt securities issued	52,659.08	764.23	2.90%	42,218.06	677.79	3.22%
Borrowing from other financial institutions	8,337.05	161.36	3.88%	7,215.60	142.27	3.94%
<b>Total interest-bearing liabilities</b>	<b>468,884.42</b>	<b>5,729.30</b>	<b>2.44%</b>	<b>430,432.38</b>	<b>5,435.20</b>	<b>2.52%</b>
Net interest income		4,621.67			4,135.59	
Net interest spread		1.86%			1.88%	
Net interest margin		1.92%			1.90%	

Note: (1) Includes bill rediscounted business.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the changes in interest income and interest expense resulting from the changes in the Group's volume and interest rates during the reporting periods indicated. Changes in volume are measured by the change in average balance of interest-bearing assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-bearing assets and interest-bearing liabilities. The combined effect of changes in volume and interest rate is embedded in the change in interest.

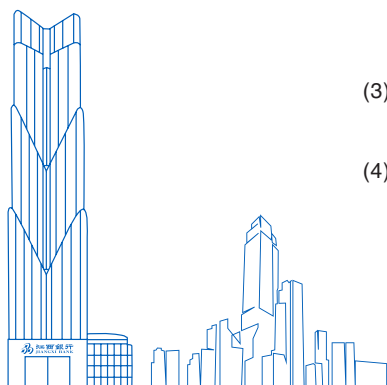
	For the six months ended June 30, Compared 2022 with 2021		
	Reasons for increase/(decrease)		Net increase/ (decrease) <sup>(3)</sup>
	Volume <sup>(1)</sup>	rate <sup>(2)</sup>	
(in millions of RMB, unless otherwise stated)			
<b>Interest-bearing assets</b>			
Loans and advances to customers	1,329.90	(450.84)	879.06
Financial investments	(116.16)	36.79	(79.37)
Deposits with the Central Bank	(32.75)	(8.59)	(41.34)
Deposits with banks and other financial institutions	(0.40)	0.02	(0.38)
Financial assets held under resale agreements	42.07	(18.82)	23.25
Placements with banks and other financial institutions	(5.24)	4.20	(1.04)
<b>Changes in interest income</b>	<b>991.16</b>	<b>(210.98)</b>	<b>780.18</b>
<b>Interest-bearing liabilities</b>			
Deposits from customers	209.16	(48.72)	160.44
Deposits from banks and other financial institutions	(22.70)	(14.80)	(37.50)
Borrowing from the Central Bank <sup>(4)</sup>	97.43	(58.49)	38.94
Placements from banks and other financial institutions	4.29	1.28	5.57
Financial assets sold under repurchase agreements	42.94	(21.82)	21.12
Debt securities issued	167.63	(81.19)	86.44
Borrowing from other financial institutions	22.11	(3.02)	19.09
<b>Changes in interest expense</b>	<b>485.55</b>	<b>(191.45)</b>	<b>294.10</b>

Notes: (1) Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year.

(2) Refer to the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the same period of the previous year, multiplied by the average balance in the Reporting Period.

(3) Refer to interest income/expense during the Reporting Period minus interest income/expense for the same period of the previous year.

(4) Includes bill rediscounted business.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3.2 Interest Income

During the Reporting Period, the Group's interest income amounted to RMB10.351 billion, representing an increase of RMB780 million, or 8.15% as compare to the same period of the last year. The increase in interest income was mainly due to loans and advances to customers and the increase in the scale of financial assets held under resale agreements.

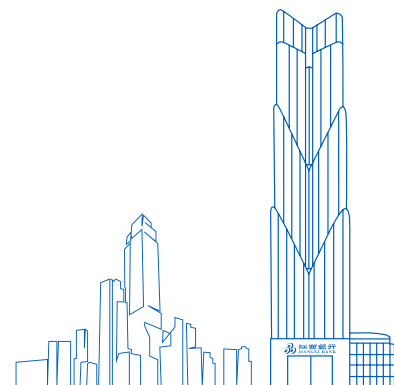
#### 1 Interest income from loans and advances to customers

During the Reporting Period, the Group achieved interest income of loans and advances to customers of RMB6.970 billion, representing an increase of RMB879 million, or 14.43% as compare to the same period of the last year. It was mainly due to the increase of average balance of the Group's loans and advances to customers, and partially offset by the decrease of the average yield on loans and advances to customers. The increase of average balance of the loans and advances to customers was mainly due to the Group's continuous increase in credit granting of inclusive products and various featured credit products. The decrease of the average yield was mainly due to decrease in market interest rate and reduction of the financing cost by the Group for enterprises in active response to national policies by measures such as the implementation of preferential interest to support the development of the real economy.

The following table sets forth the average balance, interest income and average yield for each component of the Group's loans and advances to customers during the periods indicated.

	For the six months ended June 30,					
	Average balance	2022 Interest income	Average yield	Average balance	2021 Interest income	Average yield
						(in millions of RMB, unless otherwise stated)
Corporate loans and advances <sup>(1)</sup>	206,624.90	4,849.91	4.70%	158,255.90	4,046.17	5.12%
Personal loans and advances	79,724.47	2,119.61	5.32%	76,773.00	2,044.29	5.32%
Total	286,349.37	6,969.52	4.86%	235,028.90	6,090.46	5.18%

Note: (1) Includes bills discounting business.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Group's interest income from financial investments amounted to RMB2.904 billion, representing a decrease of RMB79 million, or 2.66% as compare to the same period of the last year mainly due to the decrease in the scale of the Group's financial investments during the Reporting Period.

### **3** *Interest income from deposits with the Central Bank*

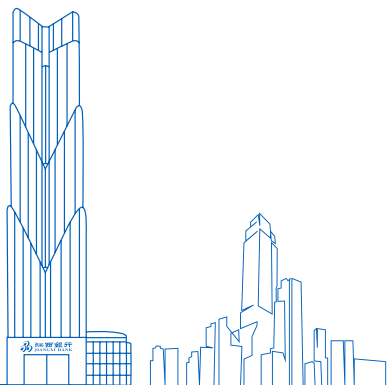
During the Reporting Period, the Group's interest income from deposits with the Central Bank was RMB229 million, representing a decrease of RMB41 million, or 15.32% as compare to the same period of the last year mainly due to the decrease in the scale of the Group's deposits and reserves with the central bank as a result of the decrease in the ratio of deposit reserves in financial institutions during the Reporting Period.

### **4** *Interest income from financial assets held under resale agreements*

During the Reporting Period, the Group's interest income from financial assets held under resale agreements amounted to RMB203 million, representing an increase of RMB23 million, or 12.92% as compare to the same period of the last year. It was primarily due to the increase in the scale of financial assets held under resale agreements as a result of the Group's intention to increase market activity among banks nationwide during the Reporting Period.

### **3.3.3 Interest Expense**

During the Reporting Period, the Group achieved interest expense of RMB5.729 billion, representing an increase of RMB294 million, or 5.41% as compare to the same period of the last year. The increase in the interest expense was primarily attributable to the increase in the scale of the Group's interest-bearing liabilities during the Reporting Period.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

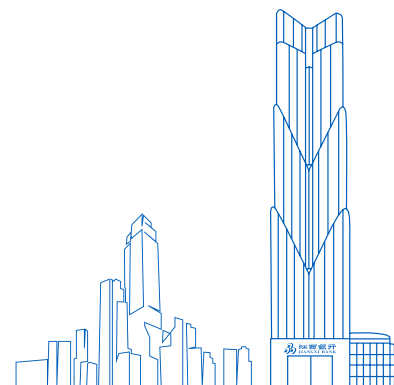
### 1 Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers was RMB4.031 billion, representing an increase of RMB160 million, or 4.14% as compare to the same period of the last year, which was primarily attributable to the increase of RMB17.372 billion in the average balance of deposits from customers of the Group during the Reporting Period compare to the same period of the last year.

	For the six months ended June 30,					
	2022			2021		
	Average balance	Interest expense	Average cost ratio	Average balance	Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
<b>Corporate deposits</b>						
Demand	120,802.55	795.92	1.32%	121,693.59	798.14	1.32%
Time	75,807.01	1,029.44	2.72%	76,695.09	1,049.07	2.74%
Sub-total	196,609.56	1,825.36	1.86%	198,388.68	1,847.21	1.86%
<b>Personal deposits</b>						
Demand	21,920.63	35.67	0.32%	20,443.50	42.66	0.42%
Time	120,320.39	2,170.19	3.60%	102,646.76	1,980.91	3.86%
Sub-total	142,241.02	2,205.86	3.10%	123,090.26	2,023.57	3.28%
<b>Total</b>	<b>338,850.58</b>	<b>4,031.22</b>	<b>2.38%</b>	<b>321,478.94</b>	<b>3,870.78</b>	<b>2.40%</b>

### 2 Deposits from banks and other financial institutions

During the Reporting Period, the Group's interest expense on deposits from banks and non-bank financial institutions was RMB287 million, representing a decrease of RMB38 million, or 11.57% as compare to the same period of the last year. This was mainly due to the decrease of both the average balance and the average cost ratio of the Group's deposits from banks and other financial institutions during the Reporting Period.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3 *Borrowing from the Central Bank*

During the Reporting Period, the Group's interest expense on borrowings from the central Bank was RMB194 million, representing an increase of RMB39 million, or 25.06% as compare to the same period of the last year. It was mainly due to the increase in the scale average balance of the Group's borrowings from the central bank during the Reporting Period compared to the same period of the last year.

### 4 *Interest expense on financial assets sold under repurchase agreements*

During the Reporting Period, the Group's interest expense on financial assets sold under repurchase agreements was RMB231 million, representing an increase of RMB21 million, or 10.06% as compare to the same period of the last year. It was primarily due to the increase in the average daily trading volume of financial assets sold under repurchase agreements by the Group as a result of the Group's intention to increase market activity among banks nationwide during the Reporting Period.

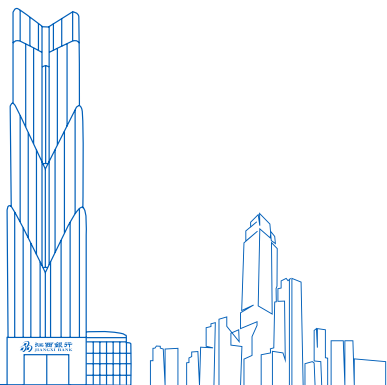
### 5 *Interest expense on debt securities issued*

During the Reporting Period, the Group's interest expense on debt securities issued was RMB764 million, representing an increase of RMB86 million, or 12.75% as compare to the same period of the last year. It was mainly due to the increase in the scale of interbank deposit receipts issued by the Group during the Reporting Period.

## 3.3.4 Non-interest Income

### 1 *Net fee and commission income*

During the Reporting Period, the Group's realised a net fee and commission income of RMB373 million, representing a decrease of RMB43 million, or 10.26% as compare to the same period of the last year. The decrease of the net fee and commission income was primarily due to the Group's active implementation of the policies of fee reduction and profit concession in PRC, and the change of the financial leasing business and the scale of acceptance and guarantee business.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

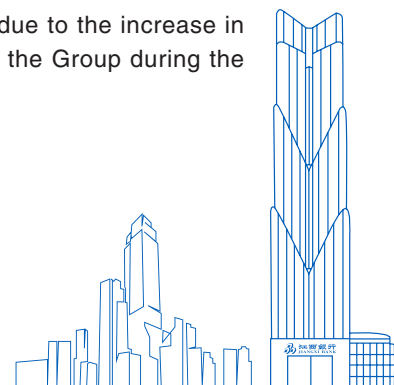
	For the six months ended June 30,			
	2022	2021	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
<b>Fee and commission income</b>	<b>442.98</b>	462.92	(19.94)	<b>(4.31)</b>
Agency and custody service fees	<b>254.67</b>	250.66	4.01	<b>1.60</b>
Acceptance and guarantee service fees	<b>93.46</b>	107.13	(13.67)	<b>(12.76)</b>
Bank card service fees	<b>37.63</b>	38.04	(0.41)	<b>(1.08)</b>
Settlement and electronic channel business fees	<b>38.48</b>	35.51	2.97	<b>8.36</b>
Financial leasing service fees	<b>15.71</b>	29.08	(13.37)	<b>(45.98)</b>
Advisory and consulting fees	<b>0.46</b>	0.91	(0.45)	<b>(49.45)</b>
Others	<b>2.57</b>	1.59	0.98	<b>61.64</b>
<b>Fee and commission expense</b>	<b>(69.54)</b>	(46.78)	(22.76)	<b>48.65</b>
Platform cooperation fees	<b>(3.90)</b>	(1.26)	(2.64)	<b>209.52</b>
Financial leasing service fees	<b>(10.36)</b>	(9.52)	(0.84)	<b>8.82</b>
Settlement and clearing fees	<b>(20.75)</b>	(16.61)	(4.14)	<b>24.92</b>
Transaction fees	<b>(34.43)</b>	(19.27)	(15.16)	<b>78.67</b>
Others	<b>(0.10)</b>	(0.12)	0.02	<b>(16.67)</b>
<b>Net fee and commission income</b>	<b>373.44</b>	416.14	(42.70)	<b>(10.26)</b>

### 2 Net trading gains

During the Reporting Period, the Group's net trading gains were RMB80 million, representing a decrease of RMB20 million or 20.16% as compared to the same period of the last year, which was mainly due to fluctuations in the price in debt securities market.

### 3 Net gains arising from financial investments

During the Reporting Period, the Group's net gains arising from financial investments were RMB1.163 billion, representing an increase of RMB475 million or 68.91% as compared to the same period of the last year, which was mainly due to the increase in fair value of financial assets at fair value through profit or loss of the Group during the Reporting Period.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

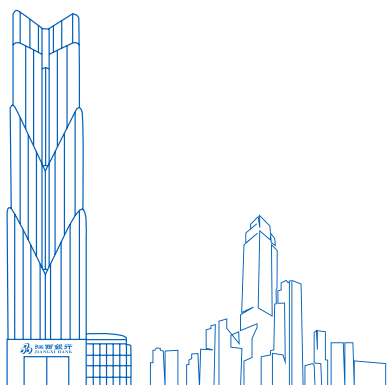
### 4 Other operating income

During the Reporting Period, the Group's other operating income was RMB79 million, representing an increase of RMB66 million or 502.82% as compared to the same period of the last year, which was mainly due to the increase in exchange gains and losses and other gains of the Group during the Reporting Period.

### 3.3.5 Operating Expenses

During the Reporting Period, the Group's operating expenses were RMB1.543 billion, representing an increase of RMB35 million or 2.29% as compared to the same period of the last year.

	For the six months ended June 30,			
	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	<b>888.19</b>	874.13	14.06	<b>1.61</b>
Depreciation and amortisation	<b>228.71</b>	265.71	(37.00)	<b>(13.92)</b>
Tax and surcharges	<b>74.91</b>	58.47	16.44	<b>28.12</b>
Interest expense on lease liabilities	<b>18.29</b>	25.66	(7.37)	<b>(28.72)</b>
Other general and administrative expenses	<b>333.15</b>	284.67	48.48	<b>17.03</b>
<b>Total</b>	<b>1,543.25</b>	1,508.64	34.61	<b>2.29</b>



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

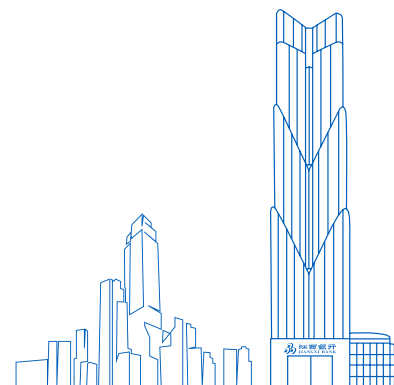
The following table sets forth the components of the Group's staff costs for the periods indicated.

	<b>For the six months ended June 30,</b>			
	<b>2022</b>	2021	Amount of change	<b>Change rate (%)</b>
(in millions of RMB, unless otherwise stated)				
<b>Staff costs</b>				
Salaries, bonuses and allowances	<b>589.60</b>	617.95	(28.35)	<b>(4.59)</b>
Social insurance and supplementary retirement benefits	<b>145.76</b>	129.57	16.19	<b>12.50</b>
Housing fund	<b>58.63</b>	55.31	3.32	<b>6.00</b>
Staff welfare	<b>40.32</b>	38.38	1.94	<b>5.05</b>
Employee education expenses and labor union expenses	<b>26.27</b>	25.53	0.74	<b>2.90</b>
Others	<b>27.61</b>	7.39	20.22	<b>273.61</b>
<b>Total</b>	<b>888.19</b>	874.13	14.06	<b>1.61</b>

During the Reporting Period, the Group's staff costs were RMB888 million, basically the same as the same period of the last year.

During the Reporting Period, the Group's tax and surcharges were RMB75 million, representing an increase of RMB16 million or 28.12% as compared to the same period of the last year, which was mainly due to the increase in value-added tax of the Group.

During the Reporting Period, the Group's other general and administrative expenses were RMB333 million, representing an increase of RMB48 million or 17.03% as compared to the same period of the last year, which was mainly due to the growth of the Group's normal business.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3.6 Impairment Losses on Assets

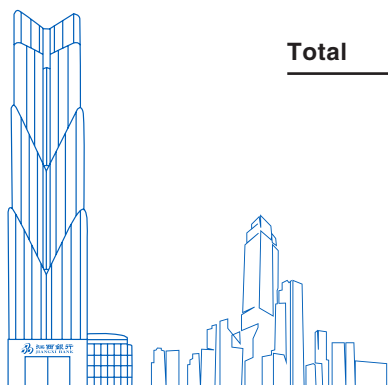
During the Reporting Period, the Group's impairment losses on assets were RMB3.207 billion, representing an increase of RMB968 million or 43.20% as compared to the same period of the last year. It was mainly due to the increase in the Group's non-performing assets as a result of the economic downturn, and in accordance with the principle of prudent operation, the Group appropriately lowered the classification of assets for customers in certain industries with declining repayment ability, and correspondingly increased the impairment losses on assets.

	For the six months ended June 30,			
	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	2,239.51	1,450.12	789.39	54.44
Financial investments	732.44	499.47	232.97	46.64
Others	235.30	290.14	(54.84)	(18.90)
<b>Total</b>	<b>3,207.25</b>	<b>2,239.73</b>	<b>967.52</b>	<b>43.20</b>

### 3.3.7 Income Tax Expense

During the Reporting Period, the Group's income tax expense was RMB253 million, representing a decrease of RMB3 million, or 0.98% as compared to the same period of the last year, which was mainly due to the decrease of profit before tax of the Group's as compared to the same period of the last year.

	For the six months ended June 30,			
	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current tax	762.41	618.81	143.60	23.21
Tax filing differences	(2.99)	(20.35)	17.36	(85.31)
Changes in deferred tax	(506.63)	(343.17)	(163.46)	47.63
<b>Total</b>	<b>252.79</b>	<b>255.29</b>	<b>(2.50)</b>	<b>(0.98)</b>



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

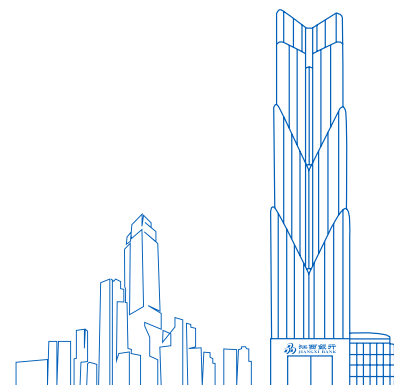
### 3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

#### 3.4.1 Assets

During the end of the Reporting Period, the total assets of the Group amounted to RMB516.256 billion, representing an increase of RMB7.696 billion or 1.51% as compared with the end of the previous year. The increase in the total assets was mainly due to the increase in Group's loans and advances to customers.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	300,127.72	—	277,714.31	—
Loans and advances to customers accrued interest	647.99	—	563.79	—
Allowances for impairment losses on loans and advances to customers	(9,352.05)	—	(7,619.87)	—
Net loans and advances to customers	291,423.66	56.45	270,658.23	53.21
Financial investments	169,438.65	32.82	171,777.28	33.78
Cash and deposits with the Central Bank	32,637.21	6.32	46,464.97	9.14
Deposits with banks and other financial institutions	1,968.49	0.38	2,090.06	0.41
Financial assets held under resale agreements	4,357.61	0.84	2,695.94	0.53
Placements with banks and other financial institutions	4,758.54	0.92	3,589.20	0.71
Other assets <sup>(1)</sup>	11,672.05	2.27	11,284.13	2.22
<b>Total assets</b>	<b>516,256.21</b>	<b>100.00</b>	<b>508,559.81</b>	<b>100.00</b>

Note: (1) Include interest in associates, property and equipment, deferred tax assets, goodwill, right-of-use assets and other assets.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

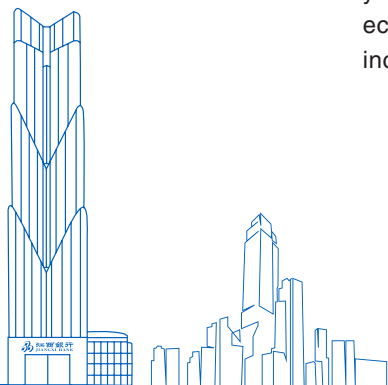
### 1 Loans and advances to customers

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB300.128 billion, representing an increase of RMB22.413 billion, or 8.07% as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
<b>Loans and advances to customers measured at amortised cost</b>				
Corporate loans and advances	174,032.22	57.99	161,422.74	58.12
Personal loans and advances	81,100.90	27.02	80,198.97	28.88
<b>Sub-total</b>	<b>255,133.12</b>	<b>85.01</b>	241,621.71	87.00
<b>Loans and advances to customers measured at FVOCI</b>				
Corporate loans and advances	4,576.73	1.52	3,385.47	1.22
Discounted bills	40,417.87	13.47	32,707.13	11.78
<b>Sub-total</b>	<b>44,994.60</b>	<b>14.99</b>	36,092.60	13.00
<b>Gross loans and advances to customers</b>	<b>300,127.72</b>	<b>100.00</b>	277,714.31	100.00

#### Corporate loans and advances

As of the end of the Reporting Period, the total amount of the Group's corporate loans and advances (discounted bills inclusive) amounted to RMB219.027 billion, representing an increase of RMB21.511 billion, or 10.89% as compared with the end of the previous year, which was mainly due to the Group's business philosophy of adhering to serve real economy, and the continuous increase in loans to major key projects, rural revitalization, inclusive finance and green finance and others.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

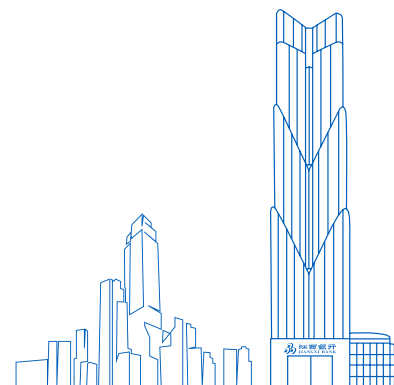
### *Personal loans and advances*

As of the end of the Reporting Period, the Group's total personal loans and advances amounted to RMB81.101 billion, representing an increase of RMB902 million, or 1.12% as compared with the end of the previous year. It was mainly due to the Group's increased investment in operating loans to individual businesses, new citizens and new agricultural business entities.

### **2** *Financial investments*

As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB169.439 billion, representing a decrease of RMB2.339 billion, or 1.36% as compared with the end of the previous year. This was mainly due to the fact that the Group's business returned to its original source, optimized its asset structure and reduced investment management products managed by securities companies and trust plans.

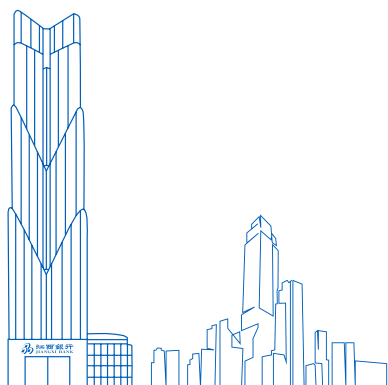
	<b>As of June 30, 2022</b>		<b>As of December 31, 2021</b>	
	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>
	<b>(in millions of RMB, unless otherwise stated)</b>			
<b>Financial investments</b>				
– Financial investments at amortised cost	<b>102,816.70</b>	<b>60.68</b>	107,390.60	62.52
– Financial investments at fair value through profit or loss	<b>43,749.41</b>	<b>25.82</b>	39,446.06	22.96
– Financial investments at fair value through other comprehensive income	<b>22,872.54</b>	<b>13.50</b>	24,940.62	14.52
<b>Total</b>	<b>169,438.65</b>	<b>100.00</b>	171,777.28	100.00



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of financial investments	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
<b>Debt securities</b>				
Chinese government bonds	39,723.16	23.44	37,288.67	21.71
Policy bank bonds	35,546.03	20.98	37,465.04	21.81
Commercial banks and other financial institutions bonds	736.65	0.43	564.29	0.33
Corporate bonds	14,106.17	8.33	15,845.42	9.22
<b>Sub-total</b>	<b>90,112.01</b>	<b>53.18</b>	91,163.42	53.07
<b>Other financial investments</b>				
Wealth management products issued by financial institutions	-	-	-	-
Fund investments <sup>(1)</sup>	25,165.85	14.85	20,766.12	12.09
Equity instruments	127.73	0.08	121.18	0.07
Investment management products managed by securities companies and trust plans	52,122.31	30.76	57,956.47	33.74
<b>Sub-total</b>	<b>77,415.89</b>	<b>45.69</b>	78,843.77	45.90
Accrued interest	1,910.75	1.13	1,770.09	1.03
<b>Total</b>	<b>169,438.65</b>	<b>100.00</b>	171,777.28	100.00

Note: (1) Primarily include monetary market funds and bond funds.



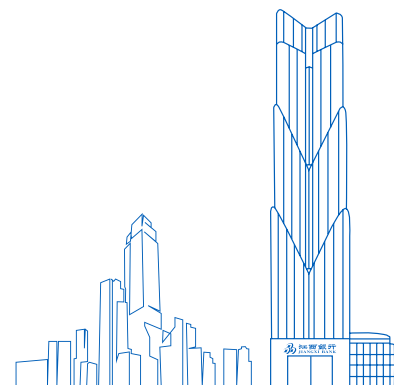
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.4.2 Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB473.031 billion, representing an increase of RMB6.105 billion, or 1.31% as compared with the end of the previous year. It was mainly due to the increase in deposits from customers of the Group.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	<b>350,593.89</b>	<b>74.13</b>	343,726.22	73.62
Deposits from banks and other financial institutions	<b>16,726.95</b>	<b>3.54</b>	25,221.01	5.40
Borrowing from the central bank	<b>18,565.08</b>	<b>3.92</b>	19,242.20	4.12
Borrowing from other financial institutions	<b>6,449.48</b>	<b>1.36</b>	8,981.23	1.92
Placements from banks and other financial institutions	<b>3,502.59</b>	<b>0.74</b>	6,128.33	1.31
Financial assets sold under repurchase agreements	<b>9,653.15</b>	<b>2.04</b>	16,283.67	3.49
Debt securities issued	<b>60,520.01</b>	<b>12.79</b>	41,099.18	8.80
Income tax payable	<b>583.64</b>	<b>0.12</b>	745.47	0.16
Other liabilities <sup>(1)</sup>	<b>6,436.12</b>	<b>1.36</b>	5,499.06	1.18
<b>Total liabilities</b>	<b>473,030.91</b>	<b>100.00</b>	466,926.37	100.00

*Note:* (1) Primarily include lease liabilities, guarantee deposits from leases, accrued staff costs, other tax payables, provisions, and other payables.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

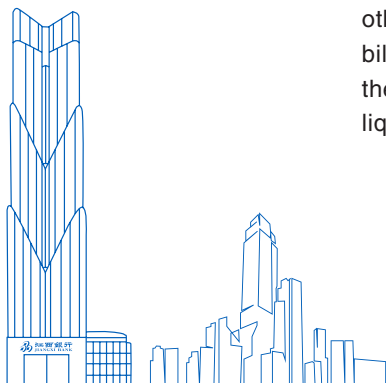
### 1 Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB350.594 billion, representing an increase of RMB6.868 billion, or 2.00% as compared with the end of the previous year.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
– Corporate customers	116,012.72	33.09	122,223.64	35.54
– Individual customers	22,236.08	6.34	22,570.87	6.57
<b>Sub-total</b>	<b>138,248.80</b>	<b>39.43</b>	144,794.51	42.11
Time deposits				
– Corporate customers	66,113.37	18.86	68,797.32	20.02
– Individual customers	124,596.55	35.54	112,931.93	32.86
<b>Sub-total</b>	<b>190,709.92</b>	<b>54.40</b>	181,729.25	52.88
Pledged deposits				
– Acceptances	13,084.10	3.73	8,553.06	2.49
– Letters of guarantees	2,330.83	0.66	2,712.97	0.79
– Letters of credit	2,088.47	0.60	1,915.44	0.56
– Others	68.79	0.02	38.88	0.01
<b>Sub-total</b>	<b>17,572.19</b>	<b>5.01</b>	13,220.35	3.85
Inward and outward remittances	64.92	0.02	60.22	0.02
Accrued interest	3,998.06	1.14	3,921.89	1.14
<b>Total</b>	<b>350,593.89</b>	<b>100.00</b>	343,726.22	100.00

### 2 Deposits from banks and other financial institutions

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB16.727 billion, representing a decrease of RMB8.494 billion, or 33.68% as compared with the end of the previous year. It was mainly due to the decrease in deposits from banks and other financial institutions based on the Group's liquidity management needs and market liquidity.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### **3** *Placements from banks and other financial institutions*

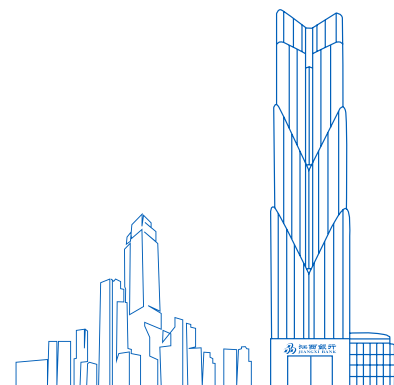
As of the end of the Reporting Period, the Group's amount of placements from banks and other financial institutions was RMB3.503 billion, representing a decrease of RMB2.626 billion, or 42.85% as compared with the end of the previous year. It was mainly due to the decrease in placements from banks and other financial institutions according to the liquidity management needs of the Group.

### **4** *Financial assets sold under repurchase agreements*

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB9.653 billion, representing a decrease of RMB6.631 billion, or 40.72% as compared with the end of the previous year. It was mainly due to the sufficient liquidity of the Group and the decrease in capital demand.

### **5** *Debt securities issued*

As of the end of the Reporting Period, the Group's debt securities issued was RMB60.520 billion, representing an increase of RMB19.421 billion, or 47.25% as compared with the end of the previous year. It was mainly due to the decrease in interbank deposits and increase in interbank deposit receipts of the Group.

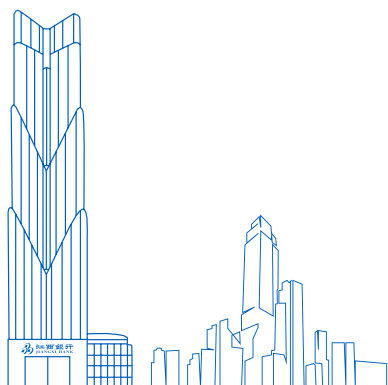


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Groups' total equity was RMB43.225 billion, representing an increase of RMB1.592 billion, or 3.82% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB42.473 billion, representing an increase of RMB1.556 billion, or 3.80% as compared with the end of the previous year. The increase in shareholders' equity was mainly due to the increase in other comprehensive income and retained earnings of the Group. The increase in other comprehensive income was mainly due to the change in impairment of assets at fair value through other comprehensive income of the Group; the increase in retained earnings was mainly due to the profit realised by the Group during the Reporting Period was transferred to retained earnings after the distribution of 2021 dividends.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	13.94	6,024.28	14.47
Capital reserve	13,291.25	30.75	13,291.25	31.92
Surplus reserve	3,081.89	7.13	3,081.89	7.40
General reserve	6,689.10	15.47	6,689.10	16.07
Other comprehensive income	799.84	1.85	224.12	0.54
Retained earnings	8,587.96	19.87	7,607.64	18.27
Other equity instruments	3,999.04	9.25	3,999.04	9.61
<b>Total equity attributable to equity shareholders of the Bank</b>	<b>42,473.36</b>	<b>98.26</b>	40,917.32	98.28
Non-controlling interests	751.94	1.74	716.12	1.72
<b>Total equity</b>	<b>43,225.30</b>	<b>100.00</b>	41,633.44	100.00



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.5 OFF-BALANCE SHEET CREDIT COMMITMENTS

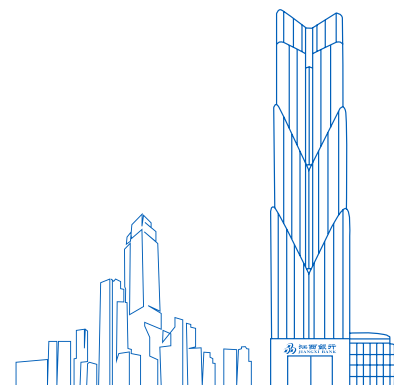
The Group incorporated the off-balance sheet business into the unified credit of customers, and under the management of on-balance sheet business, in accordance with the management procedures and management requirements of the pre-investigation, review, approval, contract signing, issuance, postloan management and mortgage and pledge guarantee.

During the end of the Reporting Period, the balance of major off-balance sheet items was as follows:

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	31,272.29	51.41	24,475.81	43.15
Letters of credit	6,964.93	11.45	6,019.45	10.61
Unused credit card commitments	7,351.64	12.09	6,856.20	12.09
Letters of guarantees	15,186.17	24.97	19,294.39	34.02
Loan commitments	50.00	0.07	66.00	0.12
<b>Sub-total</b>	<b>60,825.03</b>	<b>99.99</b>	<b>56,711.85</b>	<b>99.99</b>
Capital commitments	2.57	0.01	1.88	0.01
<b>Total</b>	<b>60,827.60</b>	<b>100.00</b>	<b>56,713.73</b>	<b>100.00</b>

### 3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB300.128 billion, representing an increase of RMB22.413 billion, or 8.07% as compared with that at the end of the previous year.

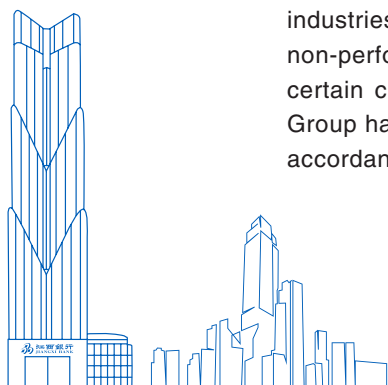


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of June 30, 2022		As of December 31, 2021	
	Total	% of total	Total	% of total
	(in millions of RMB, unless otherwise specified)			
Normal	281,207.36	93.7	264,288.75	95.16
Special mention	13,273.69	4.42	9,351.83	3.37
Substandard	2,976.33	0.99	1,863.70	0.67
Doubtful	1,989.39	0.66	1,525.75	0.55
Loss	680.95	0.23	684.28	0.25
Gross loans and advances to customers	300,127.72	100.00	277,714.31	100.00
Non-performing loans and non-performing loans ratio	5,646.67	1.88	4,073.73	1.47
Allowances for impairment losses	9,421.08		7,669.30	
Including: Allowances for impairment losses on loans and advances to customers measured at amortised cost	9,352.05		7,619.87	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	69.03		49.43	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB281.207 billion, accounting for 93.7%. The proportion of normal loans decreased by 1.46 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB13.274 billion, accounting for 4.42%. The proportion of special mention loans increased by 1.05 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB5.647 billion with a non-performing ratio of 1.88%. The ratio increased by 0.41 percentage points compared with that at the end of the previous year. The increase in the proportion of the Group's special mention loans was mainly due to the fact that, due to careful consideration, the Group proactively reduced the classification of customers in certain industries whose repayment ability has declined. The increase in the proportion of the Group's non-performing loans was mainly due to the impact of the external economic environment, certain customers in the industry have difficulties in operation, and loans are overdue. The Group has strengthened the collection and disposal, and made full provision for impairment in accordance with the requirements of financial system.

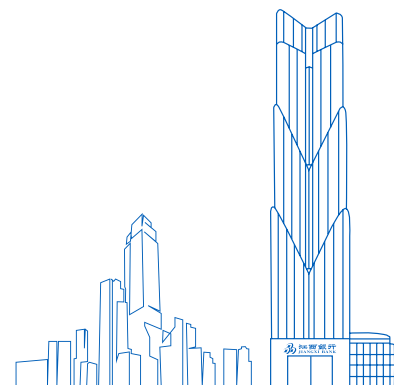


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.2 Distribution of Loans and Non-performing Loans by Product Type

Item	As of June 30, 2022				As of December 31, 2021			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise specified)								
Corporate loans and advances	178,608.95	59.51	4,800.46	2.69	164,808.21	59.34	3,327.09	2.02
Personal loans and advances	81,100.90	27.02	846.21	1.04	80,198.97	28.88	746.64	0.93
Discounted bills	40,417.87	13.47	–	–	32,707.13	11.78	–	–
<b>Total</b>	<b>300,127.72</b>	<b>100.00</b>	<b>5,646.67</b>	<b>1.88</b>	<b>277,714.31</b>	<b>100.00</b>	<b>4,073.73</b>	<b>1.47</b>

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB300.128 billion, representing an increase of RMB22.413 billion as compared with the end of last year. The corporate loans and advances increased by RMB13.801 billion, or 8.37% as compared with the end of last year; and the non-performing ratio of the corporate loans and advances reached 2.69%, representing an increase of 0.67 percentage points compared with that at the end of the previous year. The personal loans and advances increased by RMB902 million, or 1.12% compared with that at the end of the previous year. The non-performing ratio of the personal loans and advances reached 1.04%, representing an increase of 0.11 percentage points compared with that at the end of the previous year. The amount of discounted bills increased by RMB7.711 billion as compared with the end of last year. The total amount of non-performing loans of the Group reached RMB5.647 billion, representing an increase of RMB1.573 billion as compared with the end of last year. Among which the corporate non-performing loans increased by RMB1.473 billion; and the personal non-performing loans increased by RMB100 million compared with that at the end of the previous year.

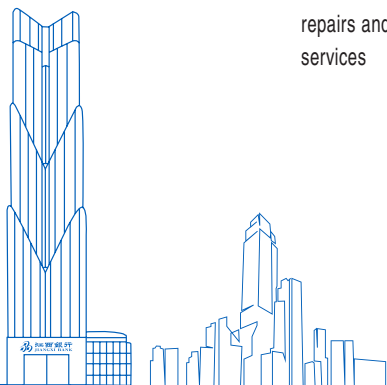




## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.3 Distribution of Loans and Non-performing Loans by Industry

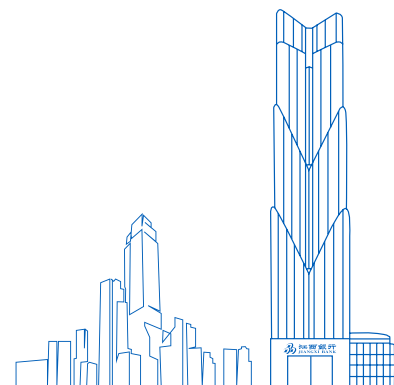
Industry	As of June 30, 2022				As of December 31, 2021			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise specified)								
Agriculture, forestry, animal husbandry and fishery	2,579.15	0.86	34.50	1.34	2,005.82	0.72	32.61	1.63
Mining	1,730.09	0.58	–	–	1,619.36	0.58	–	–
Manufacturing	18,307.58	6.10	421.59	2.30	17,140.90	6.17	354.86	2.07
Production and distribution of electricity, heating power, gas and water	3,312.14	1.10	15.91	0.48	2,959.92	1.07	–	–
Construction	19,294.20	6.43	801.82	4.16	13,901.68	5.01	390.47	2.81
Wholesale and retail trade	25,388.81	8.46	2,233.11	8.80	29,519.27	10.63	1,287.73	4.36
Transportation, storage and postal services	4,223.29	1.41	92.28	2.19	4,392.88	1.58	90.87	2.07
Accommodation and catering	251.80	0.08	51.56	20.48	534.46	0.19	44.21	8.27
Information transmission, software and information technology services	1,413.43	0.47	255.18	18.05	2,405.56	0.87	257.68	10.71
Finance	4,068.54	1.36	–	–	4,696.02	1.69	–	–
Real estate	8,228.70	2.74	318.41	3.87	7,725.05	2.78	347.49	4.50
Leasing and commercial services	60,802.84	20.25	502.85	0.83	52,369.36	18.86	507.05	0.97
Scientific research and technical services	362.04	0.12	–	–	228.79	0.08	–	–
Water conservancy, environment and public facility management	24,459.88	8.15	5.43	0.02	21,595.95	7.78	5.84	0.03
Residents services, repairs and other services	214.67	0.07	4.99	2.32	122.03	0.04	5.03	4.12



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Industry	As of June 30, 2022				As of December 31, 2021			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise specified)							
Education	1,340.39	0.45	60.00	4.48	893.05	0.32	-	-
Health, social security and social welfare	1,646.38	0.55	-	-	1,614.44	0.58	-	-
Culture, sports, and entertainment	985.02	0.33	2.83	0.29	1,083.67	0.39	3.25	0.30
Public administration, social security and social organizations	-	-	-	-	-	-	-	-
Total amount of corporate loans and advances	178,608.95	59.51	4,800.46	2.69	164,808.21	59.34	3,327.09	2.02
Total amount of personal loans and advances	81,100.90	27.02	846.21	1.04	80,198.97	28.88	746.64	0.93
Discounted bills	40,417.87	13.47	-	-	32,707.13	11.78	-	-
<b>Total</b>	<b>300,127.72</b>	<b>100.00</b>	<b>5,646.67</b>	<b>1.88</b>	<b>277,714.31</b>	<b>100.00</b>	<b>4,073.73</b>	<b>1.47</b>

As of the end of the Reporting Period, the top five industries of the Group's corporate loans and advances include: leasing and commercial services, wholesale and retail, water conservancy, environment and public facilities management, construction and manufacturing. The five largest industries in terms of non-performing loans of the Group were industries as follows: wholesale and retail, construction, leasing and commercial services, manufacturing and real estate. Among which: The non-performing loans ratio of wholesale and retail trade, manufacturing and construction increased by 4.44, 0.23 and 1.35 percentage points respectively as compared with the end of last year. While the non-performing loans ratio of leasing and commercial services and real estate decreased by 0.14 and 0.63 percentage points respectively as compared with the end of last year.

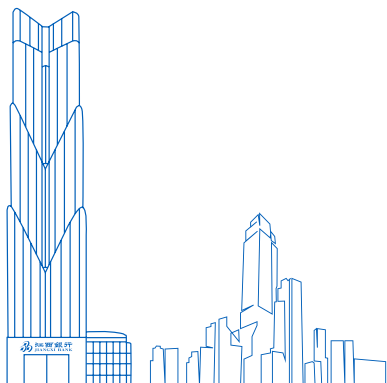


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of June 30, 2022				As of December 31, 2021			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Unsecured loans	31,862.07	10.62	451.46	1.42	31,278.47	11.26	409.67	1.31
Guaranteed loans	167,572.27	55.83	2,938.44	1.75	142,517.90	51.33	2,410.36	1.69
Collateralized loans	92,662.46	30.87	2,256.53	2.44	95,658.20	34.44	1,253.33	1.31
Pledged loans	8,030.92	2.68	0.24	–	8,259.74	2.97	0.37	–
<b>Total</b>	<b>300,127.72</b>	<b>100.00</b>	<b>5,646.67</b>	<b>1.88</b>	<b>277,714.31</b>	<b>100.00</b>	<b>4,073.73</b>	<b>1.47</b>

As of the end of the Reporting Period, the main types of collateral of the Group's loans and advances to customers were guaranteed loans and collateralized loans, which accounted for 86.70% of the gross loans and advances to customers. The proportion of unsecured loans, collateralized loans, pledged loans of the Group decreased by 0.64, 3.57 and 0.29 percentage points, except for the increase in the proportion of guaranteed loans by 4.50 percentage points as compared to the end of the last year.

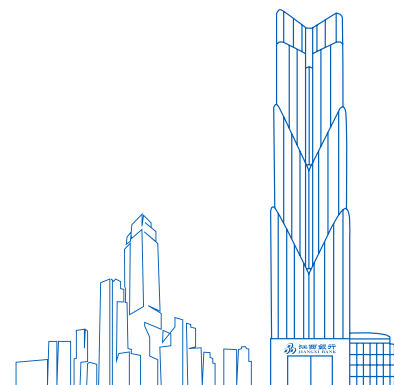


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.5 Distribution of Loans and Non-performing Loans by Geographical Region

Geographical region	As of June 30, 2022				As of December 31, 2021			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Nanchang area	152,865.07	50.93	3,667.59	2.40	142,230.04	51.22	3,077.38	2.16
Within Jiangxi Province (apart from Nanchang area)	124,793.57	41.58	799.32	0.64	113,980.86	41.04	820.92	0.72
Outside Jiangxi Province	22,469.08	7.49	1,179.76	5.25	21,503.41	7.74	175.43	0.82
<b>Total</b>	<b>300,127.72</b>	<b>100.00</b>	<b>5,646.67</b>	<b>1.88</b>	<b>277,714.31</b>	<b>100.00</b>	<b>4,073.73</b>	<b>1.47</b>

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB300.128 billion, with loans and advances to customers in Nanchang area, Jiangxi Province (apart from Nanchang area), and outside Jiangxi Province accounting for 50.93%, 41.58%, 7.49%, respectively. Among which, the proportion of loans in Jiangxi Province (apart from Nanchang area) increased by 0.54 percentage points as compared to the end of the last year; the proportion of loans in Nanchang area and outside Jiangxi Province demonstrated a downward trend as compared to the end of the last year, accounting for a decrease of 0.29 and 0.25 percentage points, respectively. The total non-performing loans of the Group amounted to RMB5.647 billion, which is concentrated in Nanchang area, accounting for 64.95%.

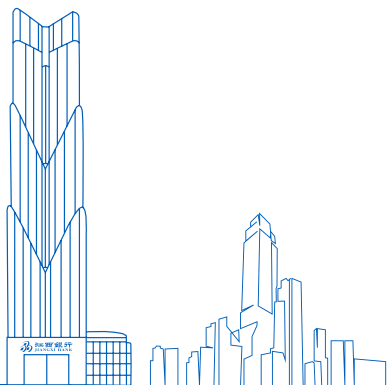


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of June 30, 2022		As of December 31, 2021	
	Loan amount	% of total (%)	Loan amount	% of total (%)
Current loans	291,142.59	97.00	271,871.41	97.90
Loans past due for				
Up to 3 months	4,041.09	1.35	2,848.13	1.02
Over 3 months up to 1 year	2,842.86	0.95	1,325.53	0.48
Over 1 year up to 3 years	1,581.04	0.53	1,415.56	0.51
Over 3 years	520.14	0.17	253.68	0.09
Sub-total	8,985.13	3.00	5,842.90	2.10
<b>Total</b>	<b>300,127.72</b>	<b>100.00</b>	<b>277,714.31</b>	<b>100.00</b>

As of the end of the Reporting Period, the Group's total overdue loans amounted to RMB8.985 billion, representing an increase of RMB3.142 billion as compared to the end of the last year. The overdue rate was 3.00%, with an increase of 0.90 percentage points over the end of the last year. The overdue loans were mainly concentrated in overdue loans within 1 year. The overdue loans within 1 year increased by RMB2.710 billion as compared to the end of the last year, representing an increase of 0.80 percentage points as compared to the end of the last year.

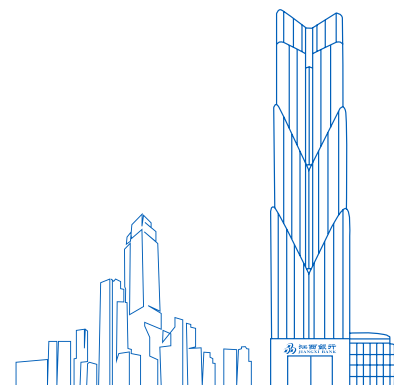




## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.7 Measures for Non-performing Assets

During the Reporting Period, the Group took the following measures to promote the disposal of non-performing assets: First, we defined the target path. We approved the disposal targets for the whole year and at each stage by distinguishing the types of assets and assessing the details of each customer, and divided the tasks into different levels. We also defined the disposal paths of the non-performing assets customer by customer, forming a disposal “roadmap” with clear objectives and with systematic, comprehensive and dynamic optimization. Second, we insisted on disposal by category. Based on the characteristics of the non-performing assets, we kept improving the disposal efficiency with a combination of litigation recovery, transfer of debts, debt restructuring and write-off of bad debts and with the aid of the forces of public security, court and due diligence performed by lawyers. Third, we strengthened the task assessment. We linked the performance salary of the relevant personnel with the disposal tasks, and assessed the completion of tasks on a quarterly basis. We would honor rewards and penalties in a timely manner. Fourth, we ensured the progress management. We continued with leadership supervision, deepened the normalization of dispatch and made regular notification to ensure efficient collection; and we strictly held personnel accountable on the issuance and collection of non-performing assets.



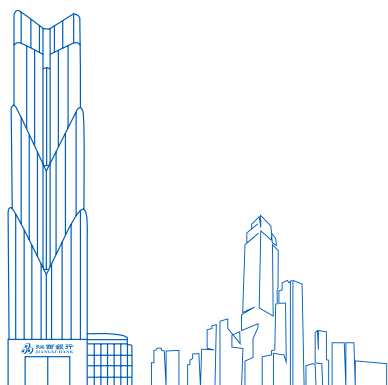
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.8 Large Risk Exposures

#### 1 Large risk exposures to ten largest non-interbank single customers

In accordance with applicable PRC banking laws and regulations, the Group's risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank single customers as of the dates indicated.

Item	Industry	As of June 30, 2022		
		Balance of risk exposure (in millions of RMB, unless otherwise stated)	% of total loans	% of net tier-one capital
Borrower A	Leasing and commercial services	5,417.20	1.80%	12.05%
Borrower B	Water conservancy, environment and public facility management	4,160.00	1.39%	9.25%
Borrower C	An anonymous customer	3,698.19	1.23%	8.23%
Borrower D	Leasing and commercial services	3,431.64	1.14%	7.63%
Borrower E	Wholesale and retail trade	3,356.74	1.12%	7.47%
Borrower F	Construction	3,000.00	1.00%	6.67%
Borrower G	Leasing and commercial services	2,816.15	0.94%	6.26%
Borrower H	Leasing and commercial services	2,686.37	0.90%	5.98%
Borrower I	Real estate	2,560.00	0.85%	5.69%
Borrower J	Leasing and commercial services	2,421.28	0.81%	5.39%
<b>Total</b>		<b>33,547.57</b>	<b>11.18%</b>	<b>74.62%</b>



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 2 Large risk exposures to ten largest non-interbank related customers

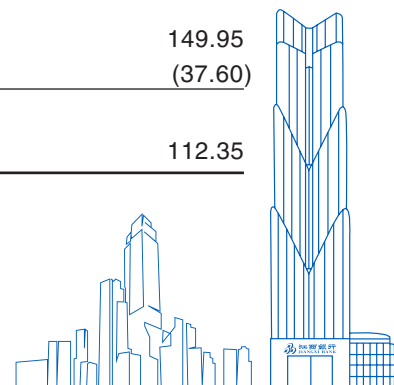
In accordance with applicable PRC banking guidelines, the Group's risk exposures to non-interbank related customers shall not exceed 20% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank related customers as of the dates indicated.

Item	Industry	As of June 30, 2022		
		Balance of risk exposure (in millions of RMB, unless otherwise stated)	% of total loans	% of net tier-one capital
Borrower A	Water conservancy, environment and public facility management	5,803.87	1.93%	12.91%
Borrower B	Leasing and commercial services	5,158.92	1.72%	11.48%
Borrower C	Leasing and commercial services	4,741.28	1.58%	10.55%
Borrower D	Leasing and commercial services	4,363.64	1.45%	9.71%
Borrower E	Leasing and commercial services	4,314.92	1.44%	9.60%
Borrower F	Leasing and commercial services	4,004.10	1.33%	8.91%
Borrower G	Leasing and commercial services	3,917.87	1.31%	8.72%
Borrower H	Manufacturing	3,570.32	1.19%	7.94%
Borrower I	Construction	3,566.91	1.19%	7.93%
Borrower J	Leasing and commercial services	3,538.98	1.18%	7.87%
<b>Total</b>		<b>42,980.81</b>	<b>14.32%</b>	<b>95.62%</b>

### 3.6.9 Repossessed Assets and Impairment Allowances

Item	As of June 30, 2022	As of December 31, 2021
	Amount	Amount
Land use rights and buildings	145.97	149.95
Less: Impairment allowances	(36.31)	(37.60)
<b>Net repossessed assets</b>	<b>109.66</b>	<b>112.35</b>

(in millions of RMB, unless otherwise stated)



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.6.10 Movements of Allowances for Impairment Losses on Loans

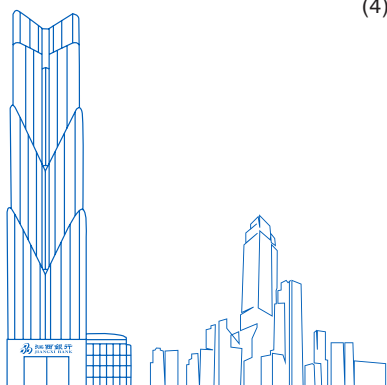
	Stage 1 <sup>(1)</sup> Amount	Stage 2 <sup>(2)</sup> Amount	Stage 3 <sup>(3)</sup> Amount	Total Amount
(in millions of RMB, unless otherwise stated)				
<b>Loans and advances to customers measured at amortised cost</b>				
As at January 1, 2022	2,196.89	1,595.65	3,827.33	7,619.87
Transferred to 12-month ECL	133.56	(133.56)	–	–
Transferred to lifetime ECL – not credit-impaired	(35.35)	37.21	(1.86)	–
Transferred to lifetime ECL – credit-impaired	(3.69)	(47.03)	50.72	–
Charged/(released) for the year	169.42	986.07	1,064.42	2,219.91
Transferred out for the year	–	–	–	–
Recoveries for the year	–	–	115.92	115.92
Write-offs for the year	–	–	(500.55)	(500.55)
Others	–	–	(103.10)	(103.10)
As at June 30, 2022	<b>2,460.83</b>	<b>2,438.34</b>	<b>4,452.88</b>	<b>9,352.05</b>
<b>Loans and advances to customers measured at FVOCI<sup>(4)</sup></b>				
As at January 1, 2022	49.43	–	–	49.43
Charged for the year	19.60	–	–	19.60
As at June 30, 2022	<b>69.03</b>	–	–	<b>69.03</b>

Notes: (1) Stage 1 refers to the expected credit loss for the next 12 months.

(2) Stage 2 refers to the expected credit loss within the lifetime in which no credit impairment has occurred.

(3) Stage 3 refers to the expected credit loss within the lifetime in which a credit impairment has occurred.

(4) The provision for impairment losses on loans and advances at fair value through other comprehensive income is recognized in other comprehensive income.



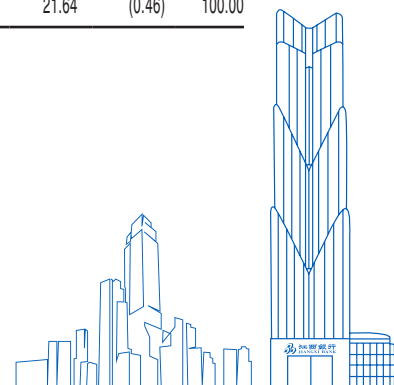
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.7 SEGMENT REPORTS

#### 3.7.1 Summary of Business Segment Information

The Group has three principal business activities: corporate banking, retail banking and credit card, financial markets business. The following table sets forth the main financial indicators for each business segment for the periods indicated.

	For the six months ended June 30, 2022					For the six months ended June 30, 2021				
	Corporate banking	Retail banking and credit card	Financial markets business	Other business	Total	Corporate banking	Retail banking and credit card	Financial markets business	Other business	Total
	(in millions of RMB, unless otherwise stated)									
External net interest income	2,334.25	(86.52)	2,373.94	-	4,621.67	1,680.95	17.65	2,436.99	-	4,135.59
Internal net interest income/(expense)	187.09	1,234.52	(1,415.42)	(6.19)	-	777.86	1,023.64	(1,779.47)	(22.03)	-
Net interest income	2,521.34	1,148.00	958.52	(6.19)	4,621.67	2,458.81	1,041.29	657.52	(22.03)	4,135.59
Net fee and commission income/(expense)	136.56	16.14	228.95	(8.21)	373.44	169.94	25.80	209.61	10.79	416.14
Net trading gains	-	-	80.27	-	80.27	-	-	100.54	-	100.54
Net gains arising from financial investments	5.41	-	1,157.85	-	1,163.26	0.60	-	688.08	-	688.68
Other operating income/(expenses)	51.03	0.07	(0.80)	28.73	79.03	4.13	(3.05)	(11.94)	23.97	13.11
<b>Operating income</b>	<b>2,714.34</b>	<b>1,164.21</b>	<b>2,424.79</b>	<b>14.33</b>	<b>6,317.67</b>	<b>2,633.48</b>	<b>1,064.04</b>	<b>1,643.81</b>	<b>12.73</b>	<b>5,354.06</b>
Operating expenses	(325.27)	(543.08)	(678.59)	3.69	(1,543.25)	(375.12)	(441.84)	(688.46)	(3.22)	(1,508.64)
Operating profit before impairment	2,389.07	621.13	1,746.20	18.02	4,774.42	2,258.36	622.20	955.35	9.51	3,845.42
Impairment losses on assets	(2,159.92)	(130.30)	(893.97)	(23.06)	(3,207.25)	(1,554.44)	(58.12)	(607.24)	(19.93)	(2,239.73)
Share of profits of associates	-	-	-	2.96	2.96	-	-	-	3.00	3.00
<b>Profit/(loss) before taxation</b>	<b>229.15</b>	<b>490.83</b>	<b>852.23</b>	<b>(2.08)</b>	<b>1,570.13</b>	<b>703.92</b>	<b>564.08</b>	<b>348.11</b>	<b>(7.42)</b>	<b>1,608.69</b>
<b>Proportion to profit before taxation (%)</b>	<b>14.59</b>	<b>31.26</b>	<b>54.28</b>	<b>(0.13)</b>	<b>100.00</b>	<b>43.76</b>	<b>35.06</b>	<b>21.64</b>	<b>(0.46)</b>	<b>100.00</b>





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.7.2 Main Segment Operating Income

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Amount	%of total	Amount	%of total
Corporate banking	2,714.34	42.96	2,633.48	49.19
Retail banking and credit card	1,164.21	18.43	1,064.04	19.87
Financial market business	2,424.79	38.38	1,643.81	30.70
Others	14.33	0.23	12.73	0.24
<b>Total</b>	<b>6,317.67</b>	<b>100.00</b>	<b>5,354.06</b>	<b>100.00</b>

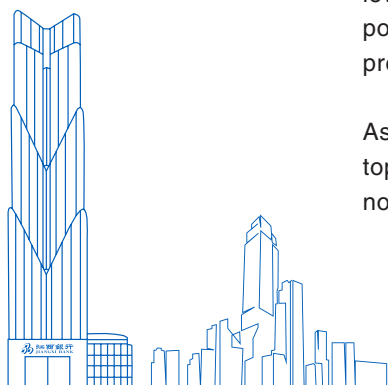
## 3.8 BUSINESS OVERVIEW

### 3.8.1 Corporate Banking

#### 1 Corporate deposits

During the Reporting Period, in face of the COVID-19 resurgences, downward pressure on the economy, weaker expectations of enterprises and other external factors, the Bank, in line with the requirements of “risk control, structure adjustment and growth stabilization”, ramped up its business transformation with the focus on the business of financial institutions. As a result, it obtained business qualifications such as the membership of the Bond Review Panel of the Jiangxi Provincial Government for 2022-2023 and the designated bank for accounts of bankruptcy cases in Jiangxi Province, and successively won the bidding for the cash management business of the Jiangxi provincial treasury. Focusing on transaction scenarios, the Bank innovated and promoted the use of smart financial solutions such as smart gravel, smart administration and smart courts, optimized such product features as fund monitoring and cash management in a timely manner, and implemented the customer-centered concept, resulting in a steady growth of its public customer groups. As of the end of the Reporting Period, the balance of the Bank’s corporate deposits reached RMB199.749 billion, representing a decrease of RMB4.505 billion from the end of the previous year, mainly due to the support to governments at all levels to accelerate the deposit of fiscal funds, expand fiscal expenditures and implement policies to help enterprises in difficulties; due to the impact of the epidemic, the business pressure of enterprises have increased, and cash flow has decreased significantly.

As of the end of the Reporting Period, according to the PBOC, the Bank stayed at the top in terms of the market share of RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Jiangxi Province and in Nanchang City.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group had reached RMB178.609 billion, representing an increase of 8.37% as compared with the end of last year. Corporate loans and advances were the largest components of the Group's loan portfolio.

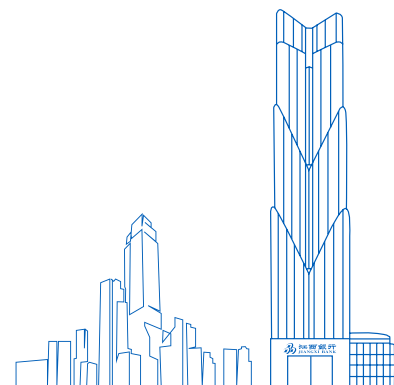
#### *Distribution of corporate loans and advances by product type*

The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. As of the end of the Reporting Period, the Group's corporate loans and advances increased by RMB13.801 billion as compared with the end of the previous year, which was mainly attributable to the Group's adherence to the positioning of "serving the local economy, small and medium enterprises and urban and rural residents." In alignment with national strategies and financial policies, the Group increased loans to key areas such as green finance, manufacturing industries, rural revitalization, digital economy, and major projects to root for economic growth.

Item	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Working capital loans	99,722.60	55.84	93,802.97	56.91
Fixed asset loans	54,605.89	30.57	47,462.94	28.80
Financial lease	11,289.97	6.32	13,793.26	8.37
Others <sup>(1)</sup>	12,990.49	7.27	9,749.04	5.92
Total amount of corporate loans and advances	178,608.95	100.00	164,808.21	100.00

Note:

(1) Mainly includes trade financing, advance payment of acceptance bill and syndicated loan



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### *Distribution of corporate loans and advances by contract maturity*

According to their respective contract maturity, the Group's corporate loans and advances include short-term loans and advances as well as medium to long-term loans. The following table sets forth the Group's corporate loans and advances by contract maturity as of the dates indicated.

Item	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Short-term loans and advances <sup>(1)</sup>	<b>77,728.97</b>	<b>43.52</b>	70,890.61	43.01
Medium to long-term loans <sup>(2)</sup>	<b>100,879.98</b>	<b>56.48</b>	93,917.60	56.99
Total amount of corporate loans and advances	<b>178,608.95</b>	<b>100.00</b>	164,808.21	100.00

*Notes:*

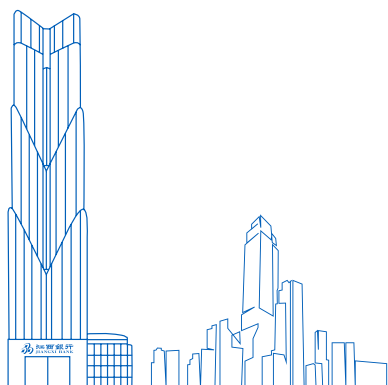
- (1) Consists of loans and advances with contract maturity of one year or less.
- (2) Consists of loans with contract maturity of more than one year.

### *Short-term loans and advances*

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB77.729 billion, representing an increase of RMB6.838 billion, or 9.65% compared to the end of the previous year.

### *Medium to long-term loans*

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB100.880 billion, representing an increase of RMB6.962 billion or, 7.41% compared to the end of the previous year.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### *Distribution of corporate loans and advances by customer category*

The Group provided different loan products and services for customers of various categories and sizes. The Group's corporate loans and advances customers mainly included state-owned enterprises and private enterprises primarily from leasing and commercial services industries, wholesale and retail trade, and manufacturing, etc.

The following table sets forth the Group's corporate loans and advances by the size of corporate customers as of the dates indicated.

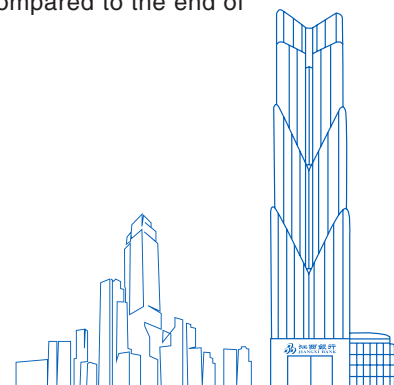
Item	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Micro enterprises <sup>(1)</sup>	11,646.99	6.52	14,252.89	8.65
Small enterprises <sup>(1)</sup>	90,417.84	50.63	79,738.80	48.38
Medium enterprises <sup>(1)</sup>	46,857.70	26.23	40,508.53	24.58
Large enterprises <sup>(1)</sup>	25,005.68	14.00	26,813.24	16.27
Others <sup>(2)</sup>	4,680.74	2.62	3,494.75	2.12
Total amount of corporate loans and advances	178,608.95	100.00	164,808.21	100.00

#### *Notes:*

- (1) The Statistics on the Measures for Classification of Large, Medium, Small and Miniature Enterprises (《統計上大中小微型企業劃分辦法》) stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
- (2) Primarily includes loans to public institutions such as hospitals and schools.

### *Loans and advances to large and medium enterprises*

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB71.863 billion, accounting for 40.23% of the Group's total corporate loans and advances, with a decrease of 0.62 percentage points compared to the end of the previous year.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### *Loans and advances to small and micro enterprises*

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB102.065 billion, accounting for 57.15% of the Group's total corporate loans and advances, with an increase of 0.12 percentage points compared to the end of the previous year.

### **3** *Corporate customers*

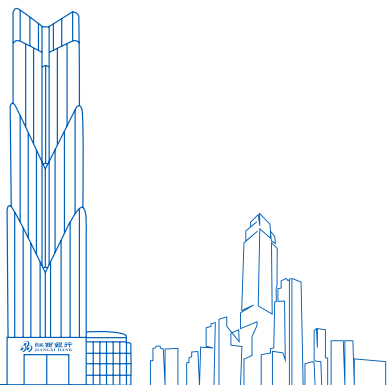
During the Reporting Period, the Bank always values the establishments of public customer groups. During the Reporting Period, the Bank formulated a three-year initiative to double the number of public accounts, to expand the customer base. The Bank refined the customer group module of customer relationship management (CRM), and by customer type such as credit customers, institutional customers, transaction bank customers and strategic customers, cemented marketing and maintenance effectiveness. Centering on quality customers, the Bank signed contracts with more high-quality strategic customers such as state-owned enterprises and industry leaders, and assigned dedicated financial service teams to offer quality and efficient financial services. As of the end of the Reporting Period, the Bank had approximately 75,800 corporate deposit customers and approximately 4700 corporate loans customers.

### **4** *Corporate products*

#### *Settlement business*

As of the end of the Reporting Period, the Bank had 13,624 accounts of enterprise mobile banking. Among them, 698 accounts were opened this year and 49,324 new transactions with a total value of RMB1.532 billion were made.

As of the end of the Reporting Period, the Bank had a total of 7,495 accounts of unit settlement card, of which 44 were newly opened this year and 23,491 new transactions with a total value of RMB279 million were made.



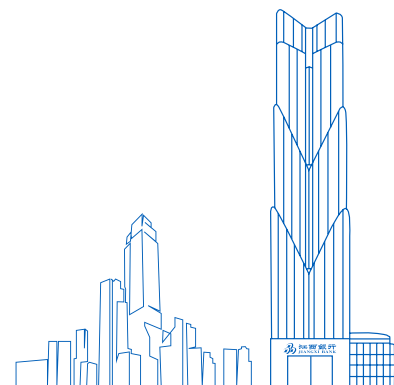
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### *Asset-based business*

During the Reporting Period, the Bank concentrated its credit resources and policies on improving the well-targeted services to the real economy, and invested more in green finance, manufacturing industry, rural revitalization, digital economy, specialized and innovative “small giant” enterprises and major local projects, to support the implementation of national development strategies and the Jiangxi high-quality leapfrog development. The Bank innovated and offered special financial service solutions to “small giants” and the NEV industry through providing differentiated financial services to relevant target customers, thus boosting their own development. The Bank actively promoted the “Green Ecology Pass” business to provide financing services for green industry projects and enterprises and thus supported the development of Jiangxi’s green economy. In addition, the Bank continued promoting the development of supply chain finance business. By leveraging the online factoring of cloud enterprise chain, pledge of accounts receivable, order financing and other supply chain products, the Bank gave full rein to its role in stabilizing, protecting and strengthening the financial supply chain and ensuring steady economic growth thus propelled the development of financial supply chain business.

### **5** *Micro-finance*

The Bank is always purpose-driven to serve small and micro enterprises by earnestly implementing the requirements of the policy packages of the Party Central Committee and the State Council on stabilizing the economy and the work requirements of the financial regulatory departments. The Bank continues increasing financial support for small and micro enterprises to help them alleviate the difficulties, and promoted the financing increase, scope extension and cost reduction of such enterprises, to contribute to their high-quality development. As of the end of the Reporting Period, the Bank’s inclusive small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB29.396 billion, up RMB5.885 billion or 25.03% from the end of the previous year, and up 17.57 percentage points from the growth rate of the Bank’s various loans (excluding discounts). There were 28,212 customers who had received inclusive small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million (inclusive)), up 3,161 from the end of the previous year. In conclusion, the Bank completed the “two increases” and other regulatory indicators by phases.





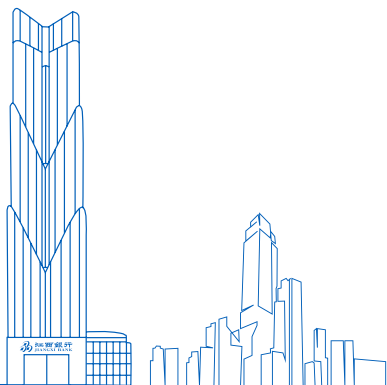
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Increasing credit support. We prioritized providing credit resources to inclusive finance, and increased credit investment in inclusive small and micro enterprises. We launched an initiative to upgrade first-time borrowers, with the focus on the financial support for credit loans and medium- and long-term loans. We fully protected the financing needs of small and micro enterprises and individual businesses in manufacturing, wholesale and retail, transportation and logistics industries that were hit hard by the pandemic, and helped stabilize market entities, employment and entrepreneurship and economic growth.

Refining the mechanism for the development of small and micro enterprises. We, keeping abreast with market dynamics and the particular development of inclusive customer groups, revised and updated the business policy in a timely manner and further optimized the loan application process. By raising the weight of inclusive finance in the KPI assessment, we strengthened the positive incentive for inclusive finance assessment. We encouraged the establishment of a long-term mechanism for serving small and micro enterprises that dared and were willing and able to loan from the Bank, to constantly improve the professional capability and level of serving micro-finance.

Enriching the supply of credit products. We enriched the micro and small credit product system with such methods as mortgage, guarantee and credit, and strengthened the service capability of “online process” and “automatic approval”. We explored new models and promoted the bulk guarantee business model of “provision of loan without collateral” to enhance the availability and coverage of services for small and micro enterprises.

Bringing down comprehensive financing costs. We provided greater preferential interest rates to key areas such as inclusive small and micro enterprises and inclusive agriculture enterprises. In the fund transfer price, we continued giving priority to micro and small enterprises, to lighten their burden and create an enabling financing environment. During the Reporting Period, the Bank’s average interest rate for inclusive micro and small enterprise loans was 5.37%, down 0.76 percentage point from the same period of the previous year. As a result, the financing costs of small and micro enterprises were reduced.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

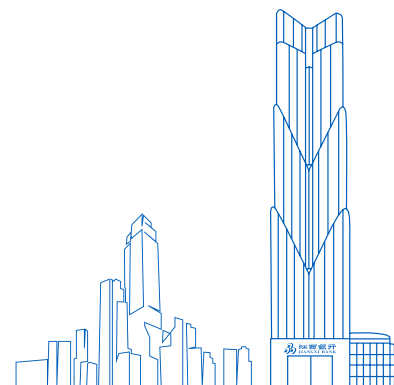
### 3.8.2 Retail Banking

#### 1 Retail deposits

During the Reporting Period, the Bank organized activities such as marketing competition in peak season and county financial competition to expand its customer base and promote the steady increase in savings deposits. The Bank maintained a leading market share in savings deposits the city commercial banks in Jiangxi Province. As of the end of the Reporting Period, the retail deposit balance reached RMB146.833 billion, representing an increase of RMB11.330 billion or 8.36% from the end of the previous year. According to the PBOC, the Bank's market share of savings deposits reached 4.97%, ranking first among the city commercial banks in Jiangxi Province. The Bank took up a market share of 12.71% in savings deposits, ranking 3rd among all its peers within Nanchang City. During the Reporting Period, the Bank strengthened the supervision over retail deposit growth in county-level areas and the average daily savings deposits of sub-branches set up in county-level areas (including the three counties in Nanchang region) were RMB47.575 billion, an increase of RMB7.588 billion or 18.98% from the same period of the previous year.

#### 2 Retail loans

As of the end of the Reporting Period, the balance of the Group's retail loans amounted to RMB81.101 billion, representing an increase of RMB902 million over the end of the previous year. During the Reporting Period, the Bank marketed its customer-specific loan products such as the Suzhou Ganji Loan and the High-tech Branch Housing Loan, by consolidating its retail loan products and developing its marketing catalogs. The Bank issued 24,000 interest-free vouchers to support consumption needs, which facilitated the granting of personal consumption loans of over RMB200 million. The Bank took preferential measures to support the "2022 Jiangxi Commodity Consumption Season" and supported new citizens' demand for mortgage loans. In aggregate, the Bank granted RMB140 million consumption loans. Special consumer loan products saw faster growth. As of the end of the Reporting Period, there were an increase of 13,400 customers of our featured product named "Jiangyin Express Loan (江銀快貸)", an increase of 374.94%, and the balance reached RMB972 million, an increase of RMB708 million or 268.18%, compared with the end of the previous year.



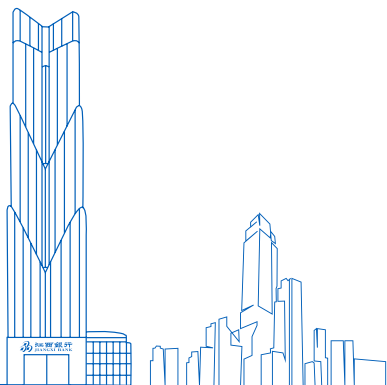
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3 Retail customers

During the Reporting Period, the Bank continued to build the brand of “Fairview Jiangxi” and launched various marketing campaigns for customers. Specifically, the Bank carried out the marketing campaign of “Free WeChat Red Packet Cover” and the marketing campaign themed “Dreams for the Future with Actions” (執夢作筆·錦繡未來), which received wide attention from customers and achieved 200,000 brand exposure through online public voting and online interaction. The Bank held six online investor education salons to strengthen customers’ knowledge of the capital market and enhance investment risk education through market outlook analysis and face-to-face communication with fund managers. The Bank, in conjunction with Internet payment leaders, launched two marketing campaigns for Internet payment via debit cards by thematic offers such as savings card first-tied, payment discount, credit card repayment offer and “monthly swipe” based on daily consumption scenarios, with a total of 119,500 customers participating in the campaign and 226,100 offers, practicing the Bank’s business philosophy of serving local residents. As of the end of the Reporting Period, the Bank’s number of weighted effective personal customers was 7.2188 million, an increase of 872,900 or 13.76% compared with the end of the previous year; the number of VIP customers was 385,700, an increase of 30,000 or 8.43% compared with the end of the previous year. The number of transactions of contracted customers was 34,657,600, up 10.11% year-on-year.

### 4 Bank cards

During the Reporting Period, the Bank issued the Rural Revitalization Card, formulated special marketing campaign plans and joined hands with China UnionPay to support the preferential benefits of the Rural Revitalization Card in accordance with the requirements of the Opinions of the People’s Bank of China Nanchang Central Branch Office on Payment Services for the Convenience of the People to Assist Rural Revitalization (Nan Yin Ban Fa [2022] No. 45) (《中國人民銀行南昌中心支行辦公室關於支付服務便民工作助力鄉村振興的意見》(南銀辦發[2022]45號)). The Bank promoted the issuance of social security card in Jiangxi Province and newly obtained the qualification of issuing the social security card in Jingdezhen and Pingxiang area. As of the end of the Reporting Period, the Bank realised the issuance of social security cards in 7 cities in Jiangxi Province. At the same time, it has completed 4 times of optimization of the issuance process of social security card, completed the upgrade of the system interface of the social security fund issuance platform, and the construction of the platform benefiting people and agriculture, thus optimizing the policy-based fund issuance.

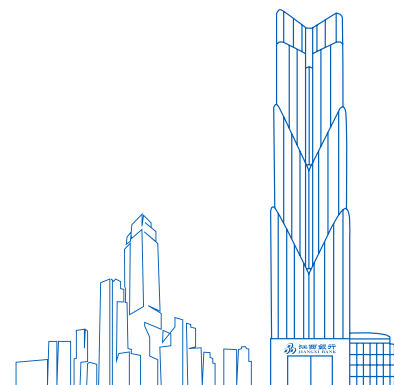


## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank actively identified its positioning, and continuously explored new growth drivers and development paths for its credit card business following the market changes. Firstly, the Bank probed into continuously improving its credit card product system. Combining with the current market trend of “Sheconomy” (她經濟) dominated by female consumption, the Bank launched the credit card themed beauty without borders. Secondly, the Bank broadened the scenarios to enhance the credit card experience of our customers. Based on high-frequency consumption scenes, local characteristic high-quality merchants, and credit card marketing activities tailored to local conditions, the Bank built a model of “one bank, one market, and one business district,” so that credit card activities were full of local characteristics of Jiangxi, namely “hustle and bustle of the city life”. Thirdly, the Bank took multiple measures to build a credit card security system. The Bank launched the 3D security authentication system, enriched the means of overseas online transaction verification, and cooperated with insurance companies to introduce personal account fund loss insurance with an aim to enhance card security protection. As of the end of the Reporting Period, the Bank issued a total of 745,500 credit cards with an overdraft balance of RMB3.6 billion.

### 5 *Wealth management*

During the Reporting Period, the Bank continued to enrich its wealth management product range by gaining access to 6 new insurance products, 6 fund products and 3 precious metal products, and actively promoted the optimization of the wealth management sales system and improved the experience of each customer; the Bank’s agency insurance business grew rapidly, with premium scale reaching 270.30% of the previous year and commission income reaching 293.52% of the previous year. The Bank successfully completed the issuance of 2022 Jiangxi government over-the-counter bonds, closely cooperated with the marketing and promotion of the Jiangxi government bond issuance project through short videos, posters, links by mainstream media outside the Bank and online and offline channels within the Bank to further enhance the marketing and promotion effect of key projects, and sold out the Bank’s underwriting quota on the first day of the offering.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.8.3 Financial Markets Business

#### 1 *Money market business*

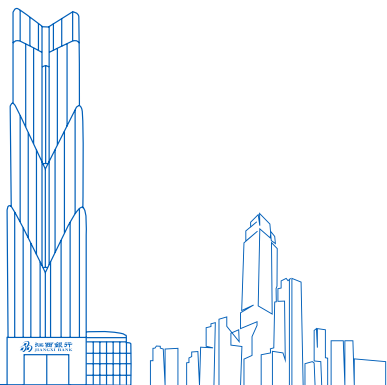
During the Reporting Period, the monetary policy adhered to seeking progress while maintaining stability, made forward efforts in accordance with the changes of macro situation, and made comprehensive use of various ways to secure liquidity such as reduction of reserve ratio, profit payment, medium-term lending facility (MLF), refinancing, rediscounting and open market operation, to flexibly grasp the strength and rhythm of open market operation and keep the banking system liquidity reasonably abundant.

As of the end of the Reporting Period, the balance of the Bank's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB11.085 billion, and the balance of the Bank's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements and issue of interbank deposit receipts amounted to RMB87.290 billion.

#### 2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank actively implemented the central government's policy of preventing and resolving financial risks and the local regulatory requirements. Based on the operating principles of serving the local economy, compliance priority and risk control first, the Bank continued to optimize the investment structure, improve investment quality and strengthen the foundation for the transformation and development of investment.

As of the end of the Reporting Period, the balance of the Bank's bond investment was RMB91.606 billion, representing an increase of 0.99% compared to the end of last year, including local government bonds and local credit bonds of RMB43.593 billion, which strongly supported the development of local economy; the balance of investment in trust products, securities industry company products and other specific purpose vehicles was RMB56.307 billion, representing a decrease of 10.54% compared to the end of last year, which meant that the Bank gradually optimized its asset structure and steadily implemented regulatory requirements.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3 *Investment banking*

During the Reporting Period, the Bank strived to overcome the impact of the new round of COVID-19 pandemic, actively responded to the adjustment of regulatory policies, continued to smoothly maintain the normal operation of business and promoted the bank-wide strategic implementation of investment banking business. During the Reporting Period, the Bank underwrote to issue 6 non-financial corporate debt financing instruments for 5 enterprises in Jiangxi Province, with a total issue amount of RMB4.4 billion, of which: RMB1.4 billion was underwritten by the Bank, indicating that the Bank continued to play the advantage of corporate lead underwriting and helped Jiangxi enterprises in interbank direct financing.

### 4 *Assets management business*

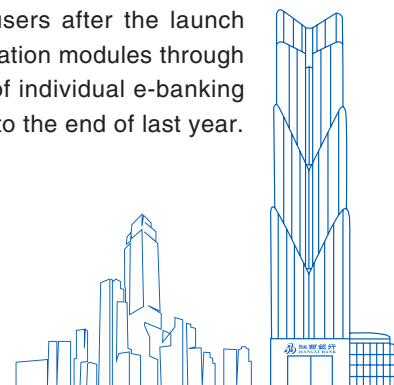
Year 2022 is the start of the transformation and development of the Bank's wealth management. During the Reporting Period, the Bank adhered to the positioning of serving urban and rural residents and the real economy, actively responded to the regulatory policy requirements, continued to deepen the investor cultivation, strengthened the risk prevention and control mechanism, and optimized the risk limit management system.

As of the end of the Reporting Period, the subsisting balance of the Bank's wealth management products was RMB33.574 billion, down 5.49% from the end of the previous year, of which 96.90% and 3.10% were funds of individual and institutional customers, respectively.

### 3.8.4 Network Finance Business

During the Reporting Period, the Bank continued to enrich product functions, optimize user experience, and enhance online operation capabilities, using individual e-banking, corporate e-banking, and WeChat official account to facilitate business development and to further upgrade the customer service capability of e-banking, so as to provide customers with more secure, convenient and efficient online financial services.

Individual e-banking: During the Reporting Period, in order to facilitate customers' daily regular transfers, the appointment transfer function was launched on the handheld bank, which realised the in-depth application of transfer business with different frequencies and multiple scenarios and thus effectively improved the user experience. The new version of individual online banking has been launched and operated. In response to the feedback from users after the launch efficiently, the Bank has identified and optimized several functional application modules through experiential testing. As of the end of the Reporting Period, the number of individual e-banking registered customers totaled 2,924,800, an increase of 7.25% compared to the end of last year.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Corporate e-banking: During the Reporting Period, the Bank's new version of corporate online banking and corporate mobile banking projects progressed in an orderly manner. Phase I basic financial functions and corporate online banking client have been launched, while Phase II non-financial functions are in the testing and verification stage and will be widely promoted outward soon. As of the end of the Reporting Period, the number of corporate e-banking customers totaled 65,200, an increase of 5.84% compared to the end of last year.

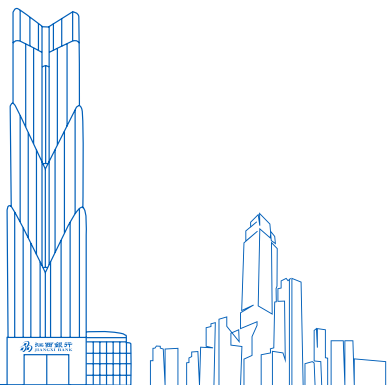
WeChat official account: As of the end of the Reporting Period, the Bank's WeChat Official Account had a total of 893,000 followers, up by 2.46% compared to the end of last year.

Telephone banking: During the Reporting Period, the customer service center of the Bank received a total of 361,500 calls from customers, with an average daily rate of 1,997 calls, 93.04% telephone connection rate, and 99.75% customer satisfaction rate.

### 3.8.5 International Business

During the Reporting Period, the Bank, adhering to its positioning of "serving the local economy, small and medium-sized enterprises and urban and rural residents", cultivated the local economy, supported the integration of domestic and foreign trade operations of enterprises to reshape the concept of integrated development of domestic and foreign currencies, continued to provide services for lower-tier cities, and drove the sustainable and steady development of international business.

Focusing on its main responsibilities, the Bank comprehensively promoted the implementation of policies for cross-border trade and investment facilitation, continuously optimized its products and services, and strengthened the advantages of bank-wide coordination and cooperation, to precisely match customer needs. In addition, the Bank actively stabilized, acquired, expanded and activated customers, and achieved a steady increase in the scale of international business. As of the end of the Reporting Period, the number of effective customers of international business increased by 10.65% compared to the end of last year; during the Reporting Period, the volume of cross-border RMB settlement increased by 91.6%, and the volume of letter of credit business increased by 111% compared with the same period of the previous year.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.8.6 Informatization Construction

During the Reporting Period, the Group focused on the “digital economy” and accelerated its technological empowerment to facilitate the Group’s digital transformation.

#### **1** *Improving quality and efficiency of online financial services*

The Bank developed digitalized and featured inclusive financial products, such as “guaranteed loans for business start-ups” and “personal business loans”, showing its advantages in online inclusive services. In addition, the Bank promoted the construction of digital channel platform and built a new corporate online banking system with portal, mobile and intelligence features, marking its full transformation and upgrade of corporate business. The Bank made efforts on online channels by launching online banking features of “medical insurance code” and “WeChat account notification”, and put into operation a new individual online banking system, with a total of more than 500,000 customer transactions.

#### **2** *Building an enterprise-level service platform*

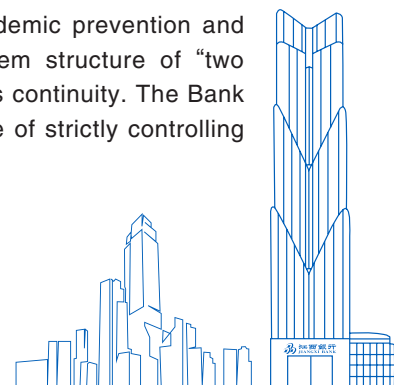
The Bank built a new unified biometric platform, OCR intelligent recognition platform and other enterprise-level service platforms by applying face recognition technology, image processing tools, artificial intelligence algorithms, etc., independently developed a bank-wide unified R&D platform and further strengthened basic platform support, to empower the Group’s operation and development and promote digital transformation.

#### **3** *Continuously strengthening data application capabilities*

The Bank deepened data mining, analysis and application, with its digital marketing covering multiple business scenarios. The Bank planned and built an offline data lab to realise data sharing and management at the group-wide level. In addition, the Bank expanded its big data infrastructure platform and upgraded the BI self-service analysis platform to drive business development.

#### **4** *Continuously consolidating infrastructure construction*

The Bank successfully completed the work of security of important information systems during the “Winter Olympics”, “the National People’s Congress and the Chinese Political Consultative Conference”, “the Winter Paralympics” and the epidemic prevention and control period. The Bank improved its disaster recovery system structure of “two locations and three centers”, which further enhanced the business continuity. The Bank also put into production the data ferrying system for the purpose of strictly controlling data security risks.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.8.7 Subsidiary Business

#### 1 *Subsidiary business*

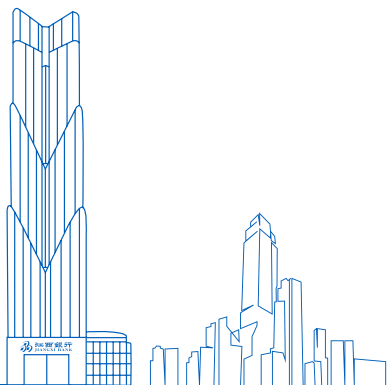
Jiangxi Financial Leasing Corp., Ltd. (“Jiangxi Financial Leasing”) was established in November 2015 with a registered capital of RMB1 billion, which is held as to 51% by Jiangxi Bank. In March 2018, the registered capital of Jiangxi Financial Leasing was increased to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing, adhering to the “professional and specialized” development strategy, has firmly served the development of the local real economy.

As of the end of the Reporting Period, Jiangxi Financial Leasing recorded total assets of RMB11.711 billion, net assets of RMB3.063 billion, and the net profit of RMB151 million. All regulatory indicators were up to standard. During the Reporting Period, Jiangxi Financial Leasing strengthened comprehensive risk management, actively practiced the new development concept, and made new breakthroughs in the field of new energy and manufacturer leasing business by overcoming the adverse impact of the COVID-19 pandemic, adhering to the policy of prudent and steady operation, and giving full play to its own advantages and characteristics thanks to the care and support of governments and supervision departments at all levels, and under the correct guidance of the Party Committee of Jiangxi Bank, despite complex and changeable international and domestic economic situation.

In the future, Jiangxi Financial Leasing will make the best of the characteristics of “financing capitals + financing goods,” stick to the sustainable development path featuring localization, specialization and professionalization, and actively serve the development of local economy.

#### 2 *Jinxian Ruifeng County Bank*

Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng”) was incorporated on June 15, 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB50 million, 30% of which was held by Jiangxi Bank. In December 2020, the registered capital of Jinxian Ruifeng was changed to RMB100 million, and the shareholding of Jiangxi Bank increased from 30% to 69.50%. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the total assets of Jinxian Ruifeng County Bank Co., Ltd. were RMB353 million; total liabilities were RMB283 million; and total loans and advances to customers were RMB156 million. During the Reporting Period, Jinxian Ruifeng County Bank Co., Ltd. has been actively implementing the Group's overall development strategy, acts under the general principle of pursuing progress, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses as well as insisted on compliance and legality.

### 3 *Immaterial businesses of affiliated enterprises*

As of the end of the Reporting Period, the Bank's immaterial businesses of affiliated enterprises were 4 village and township banks, namely, Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐橘都村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). The total assets of these four villages and township banks were RMB3.858 billion; total liabilities were RMB3.401 billion; and total loans and advances to customers were RMB2.474 billion.

The village and township banks always adhere to the business positioning of "set solid groundwork in county areas, supporting small and micro enterprises and serving agriculture, rural areas and farmers," give full play to the efficient and flexible operating advantages of village and township banks, provide high-quality financial services for agriculture, rural areas and farmers, SMEs and regional economies, and achieve the development of village and township banks in the development of local economy.

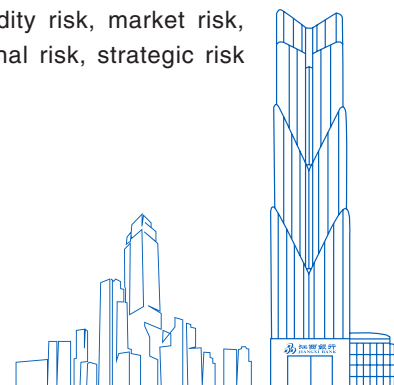
## 3.9 PLEDGED ASSETS OF THE GROUP

Details of the pledged assets of the Group are set out in the Note 39(e) to the unaudited interim financial report.

## 3.10 RISK MANAGEMENT

For the risk management, the Bank adopts the mode of comprehensive risk management to ensure sustainable and steady development of the Bank, realise appreciation of shareholder value, and fulfill social responsibilities.

The comprehensive risk management of the Bank includes credit risk, liquidity risk, market risk, operational risk, information technology risk, legal compliance risk, reputational risk, strategic risk and other risks.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

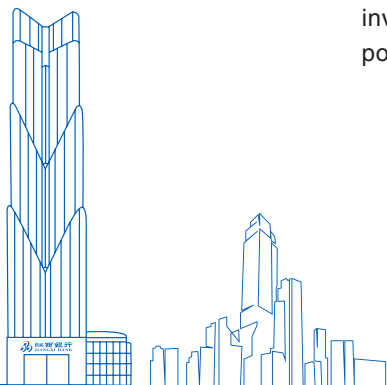
The Bank has established an organizational structure for risk management featuring “centralized management and matrix distribution” to clarify risk management responsibilities, and form three defense lines of risk management: “business unit to control by itself in the first line, risk department to manage in the second line, and audit department to supervise in the third line”. The Board assumes the ultimate responsibility for comprehensive risk management.

### 3.10.1 Management of Credit Risk

Credit risk refers to the risk of economic losses caused by the counterparty’s failure to fulfill the obligations in the contract, which mainly comes from various loan portfolios, investment portfolios, guarantees and other on-balance-sheet and off-balance-sheet credit risk exposures.

During the Reporting Period, the Bank improved the credit risk management by taking the following measures:

1. Improving credit concentration management and control. The Bank implemented customer classification and limit management, carried out concentration risk management and control by industry and product, established a risk threshold monitoring and early warning mechanism, and improved the foresight and initiative of risk management.
2. Strengthening the management and control of key areas. The Bank improved credit management policies, strengthened unified credit management, and improved the effectiveness of risk management and control in key areas such as internet loans and new products and businesses.
3. Promoting the construction of intelligent risk control. Continuously optimise non-retail rating models, promote credit anti-fraud projects, and implement financial stability model system; The Bank promoted the application of internal assessment model in retail and inclusive finance, accelerated the development and iterative adjustment of product models such as running loan, tobacco business loan and credit card, and improved the efficiency of business approval.
4. Strengthening the quality and efficiency of post-credit differentiated management. Implementing differentiated management and control strategies based on the types of credit business, formulating the “three-early” management plan, promoting “early identification, early warning and early resolution” of credit business risks, and improving the overall quality and efficiency of post-loan management. The Bank carried out special investigations on key business areas and large-amount credit business to identify potential risks as early as possible.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10.2 Liquidity Risk Management

Liquidity risk refers to the risk of loss or bankruptcy caused by the inability of commercial banks to provide financing for the reduction of liabilities and (or) the increase of assets.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen liquidity risk management:

1. Under the background of recurring regional pandemic in the first half of the year, the Group monitored the maturity assets and liabilities within each maturity window, analyzed the market, actively absorbed and stabilized the funds while increasing credit granting, strengthened the collaborative relationship with peers, and combined with the sound asset and liability allocation to maintain the reasonable matching of assets and liabilities.
2. The liquidity level of the Group remained reasonable and sufficient, and all liquidity regulatory indicators were higher than the regulatory requirements, representing an upward stable trend. As at the end of the Reporting Period, the Group's liquidity ratio was 90.10%; NSFR was 148.95%; and liquidity coverage ratio was 409.76%. The balance of qualified high-quality liquid assets was RMB60.827 billion, and the amount of net cash outflow in the next 30 days was RMB14.845 billion.
3. By optimizing and improving the real-time fund monitoring system, dynamically monitoring the movements of funds of the daily daytime and taking into account the market trends and customers' capital needs, the Group made position forecast and capital planning, and ensured sufficient position reserves to secure the orderly and safe daytime payments of the Group.
4. In combination with the complex macro environment, the Group prepared for liquidity stress tests in advance, explored potential problems, made up for its own shortcomings, and continuously improved its asset and liability allocation strategy.
5. The Group carried out liquidity emergency drills in an orderly manner, simulated the impact of small-probability events in emergencies through multi-scenario stress tests, and carried out various emergency response work in a practical manner to improve the collaborative cooperation ability of various departments and institutions, test the effectiveness of the emergency management system and ensure that the Group's liquidity risk is stable and controllable.
6. Via the multi-layer liquidity reserve mechanism, the Group strengthened the application of the policy tools, maintained the relatively stable proportion of high-liquidity assets, promoted the reasonable and sufficient level of daily reserves, and strived to consolidated the liquidity security reserve.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10.3 Market Risk Management

Market risk refers to the risk of losses in banks' on- and off-balance sheet businesses arising from adverse movements in market price including interest rates, exchange rates, commodity prices, stock prices and other prices, which exists in the trading and non-trading businesses of banks.

The major market risk faced by the Bank includes transaction book interest rate risk and bank book exchange rate risk.

#### 1. *Analysis of transaction book interest rate risk*

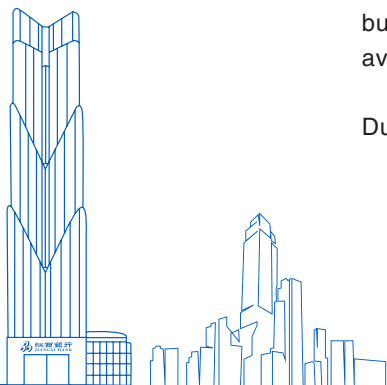
During the Reporting Period, the Bank improved the control of transaction book interest rate risk by taking the following measures:

- (1) The Bank kept improving the market risk system, optimized the risk limit control plan for financial market business, carried out market risk management assessment, and reviewed the weak links of management.
- (2) The Bank continuously monitored the market risks through risk limit indicators and threshold management, to strengthen monitoring in the day and analysis of bond business at the end of the day. The Bank monitored the compliance with limits and thresholds on all fronts, and summarized monitoring and analysis reports on a regular basis.
- (3) The Bank conducted the attribution analysis of profits and losses, and strengthened the analysis of mark-to-market profit and loss of the bond positions in the trading book by focusing on the proprietary investment portfolio, so as to dynamically grasp the profit and loss of each investment portfolio's position and reasonably analyze the profit and loss attribution of each investment portfolio.

#### 2. *Analysis of bank book exchange rate risk*

During the Reporting Period, the Bank had a small foreign exchange risk exposure and did not conduct any derivatives trading business. The Bank's main measures to control the exchange rate risk were to reasonably match the assets and liabilities of various foreign currencies, set overnight exposure limits for proprietary foreign exchange business, and strengthen daily monitoring and early warning of exchange rate risk, to avoid exchange losses due to exchange rate fluctuations.

During the Reporting Period, the Bank's market risks were controllable on the whole.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10.4 Operational Risk Management

Operational risk refers to the risk of losses caused by imperfect or defective internal processes, employees and information technology systems as well as external events.

During the Reporting Period, the Bank strengthened operational risk management mainly by taking the following measures:

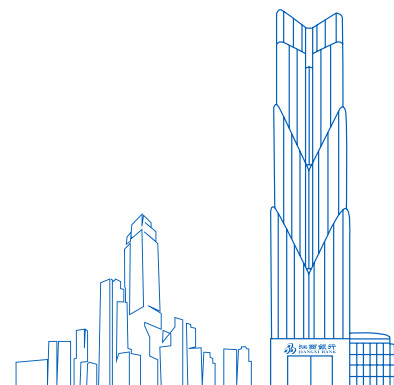
1. Continuously applying management tools. The Bank continuously monitored key risk indicators, dynamically monitored key operational risk indicators in each business line, collected operational risk loss data, and conducted assessment of operational risk for various new products and business as well as post-launch evaluation.
2. Optimizing and revamping a number of risk systems. The Bank optimized its internal control compliance and operational risk management systems by launching the construction of a new generation of all-channel transaction risk monitoring system with an aim to dynamically prevent and control business risks in various channels and enhance the technical prevention capability of operational risks.
3. Comprehensively strengthening employee behavior control. The Bank formulated the Jiangxi Bank Employee Behavior Management Program, enriched employee behavior management initiatives, strictly implemented the “semi-monthly report” mechanism for employee behavior, and jointly investigated employees’ illegal records with the public security authorities to seriously investigate and punish employees’ illegal and irregular behavior.

During the Reporting Period, the Bank’s operational risk management system ran smoothly and the operational risk was controllable on the whole.

### 3.10.5 Information Technology Risk Management

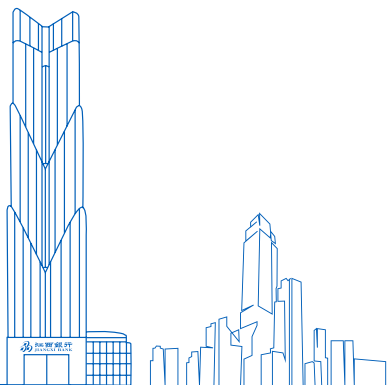
Information technology risk refers to the operational risk, legal risk, reputational risk and other types of risks caused by natural or human factors, technical vulnerabilities and management defects during the use of information technology in the operation of commercial banking.

During the Reporting Period, all production systems of the Bank operated well, and no major information technology risk events occurred.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

1. Strengthening the system revision and consolidating the foundation. The Bank improved its information technology risk management system by aligning with the newly released Supervision Measures for Information Technology Outsourcing Risks of Banking and Insurance Institutions and revising the Management Measures for Information Technology Outsourcing Risks of Jiangxi Bank, and Management Measures for Information Technology Risk Assessment of Jiangxi Bank, to consolidate the foundation of IT risk management.
2. Strengthening risk inspection and evaluation and identifying problems in a timely manner. The Bank carried out a comprehensive assessment of information technology risk management, an information technology outsourcing risk assessment, and an annual assessment of business continuity management. The Bank strengthened outsourcing risk management and control, carried out investigation and assessment on information technology outsourcing risks and on information technology risk of Internet loan products, found out weak links of risks, and promptly overcame the management shortcomings.
3. Strengthening dynamic risk monitoring and grasping the risk situation in a timely manner. The Bank regularly carried out dynamic monitoring of information technology risk indicators throughout the Bank, analyzed the operation status of the Bank's important information systems, network security situation and trend of electronic channel transactions, and fully disclosed the Bank's information system and network security protection level.
4. Strengthening business continuity management and improving emergency support capabilities. In accordance with the business continuity regulatory guidelines, the Bank regularly conducts business continuity drills, tests the effectiveness and comprehensiveness of the Bank's "two locations and three centers" disaster recovery structure and business continuity emergency plans, so as to effectively prevent the risk of interruption of important business operations. The Bank accelerated the construction of remote disaster recovery centres, and completed the deployment of important systems such as front-payment, front-channel, online banking and personal credit system.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

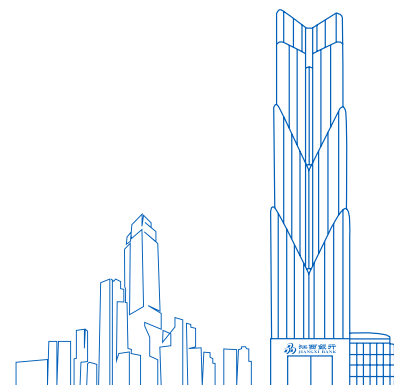
### 3.10.6 Legal and Compliance Risks

#### 1. *Legal risk*

Legal risk refers to the risk of legal liability arising from violations of laws and regulations, breach of contract, infringement of the legal rights of others or other activities involving any contractual or commercial activity of the Bank.

During the Reporting Period, the Bank prevented and controlled legal risks mainly by taking the following measures:

- (1) Continuing to carry out legal review. In accordance with external regulation and industry requirements, the Bank conducted pre-examination on legal compliance of new products and new business, rules and regulations, investment business, etc., to effectively forestall and resolve legal compliance risks. Meanwhile, the Bank engaged a team of external lawyers to act as legal advisers to prevent legal risks in the Bank's major and innovative business.
- (2) Strengthening the management of litigation cases. By organising litigation argumentation, formulating litigation plans, managing the appointment of litigation lawyers, and directly participating in litigation agency, the Bank further standardised its litigation activities, prevented litigation risks, improved the effectiveness of litigation, and fully protected the legitimate rights and interests of the Bank.
- (3) Carrying out publicity on the rule of law widely. The Bank actively carried out the "Civil Code Publicity Month" activities closely combining the "Eighth Five-Year Plan" by externally carrying out law publicity both online and offline flexibly, which created a publicity boom, and internally organizing the study and training of the Civil Code, so as to promote the staff's legal consciousness and form a good atmosphere of "promoting regulations with the law, and improving efficiency with regulations."



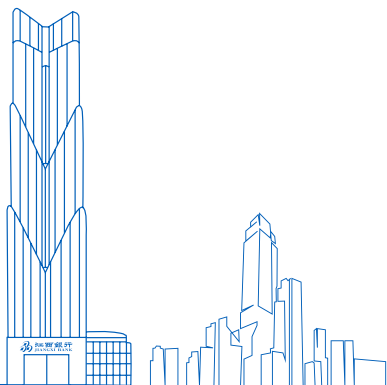
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 2. *Compliance risk*

Compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

During the Reporting Period, the Bank improved the compliance risk management mainly by taking the following measures:

- (1) Improving the quality and efficiency of system management. Firstly, the Bank continued to review and benchmark its rules and regulations by benchmarking with laws and regulations, regulatory provisions, listed banks and advanced industry peers to continuously abolish, amend and establish rules and regulations, giving full play to the leading role of compliance of rules and regulations. Secondly, the Bank optimized the functions of the internal control and compliance system, realised the automatic linkage between the OA system and the internal control and compliance regulation issuance system, and continuously promoted the systematic and intelligent management of the system, so as to effectively improve the quality and efficiency of the Bank's system management.
- (2) Promoting the accountability and rectification of non-compliance issues. Firstly, the Bank facilitated the rectification of problems at a high level through decomposing regulatory opinions article by article, issuing the Compliance Supervision Form, regularly issuing progress reports on rectification, and organizing and holding rectification promotion meetings, etc. to strengthen the supervision and verification of rectification and achieve root cause rectification. Secondly, the Bank seriously carried out accountability for violations by effectively and comprehensively using internal accountability tools to discipline employees for violations, and strictly implementing accountability results in management aspects such as merit evaluation and promotion for the purpose of enhancing the deterrent effect of accountability for violations.
- (3) Fostering a great compliance culture environment. The Bank issued a Compliance Briefing every month to publicize the regulatory situation and the concept of compliance in a timely manner. The Bank regularly organized learning and testing of key systems to promote the understanding and mastery of key systems by all employees. The Bank dynamically monitored potential compliance risks throughout the Bank, issued the targeted Compliance Risk Prompt, and put forward preventive measures and work requirements.



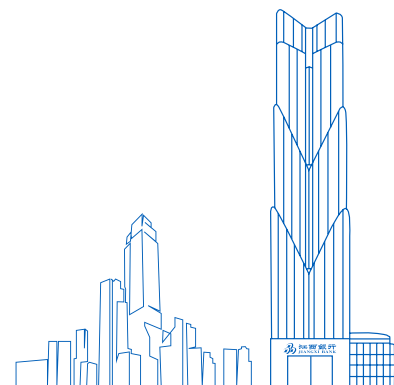
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3. *Money laundering risk*

Money laundering risk refers to the risk faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.

During the Reporting Period, the Bank forestalled and controlled money laundering risk mainly by taking the following measures:

- (1) Specifying rectification measures and operating in compliance with the law. The Bank strengthened customer due diligence and continuous identification, carried out comprehensive anti-money laundering risk checks, optimized the anti-money laundering monitoring and reporting system, and promoted the “homing of functions and responsibilities”; with an aim to achieve standardization and refinement of work implementation.
- (2) Identifying risks and establishing an assessment system. The Bank continuously promoted self-assessment of money laundering and terrorist financing risks, set up a special assessment team, and clarified the anti-money laundering governance structure, initially forming a scientific, comprehensive and effective self-assessment system. In addition, the Bank explored data potential to improve the management of money laundering risk prevention and control.
- (3) Focusing on risk-based value creation. The Bank carried out special operations to investigate the risk of virtual currency transactions, reported key suspicious reports to the PBOC, and transferred and disposed of suspicious clues in a timely manner, achieving outstanding results in money laundering risk prevention and control.
- (4) Choosing the right perspective to grasp the effectiveness of publicity. The Bank carried out activities with the themes of “2022 Popularize Financial Knowledge to Guard the Money Bag” and “Anti-money Laundering People in Jiangxi amid the Pandemic – Nucleic Acid Testing Stickers for Anti-money Laundering Public Welfare Publicity” to focus on the concerns of the public and strengthen financial consumers’ awareness of self-protection and risk responsibility.





## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10.7 Reputational Risk

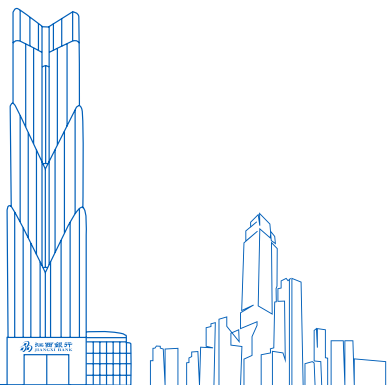
Reputational risk refers to the risk of negative comments on banking institutions from stakeholders, the public and the media arising from the acts of banking institutions, the acts of practitioners or external events, which may damage their brand value, adversely affect their normal operations, and even affect market stability and social stability.

During the Reporting Period, the Bank further improved its reputational risk management system and strived to achieve an effective control mechanism for the whole process of risk prevention beforehand, risk mitigation at first sight, active response during the process, and follow-up and conclusion afterwards.

First, implementing forward-looking management of reputational risks. Focusing on the “matrix” control of reputational risks, the Bank took the initiative to embed reputational risk management into all aspects of customers, business, systems, products and services, etc. In response to the risk points, weak points and neglected points, multiple departments collaborated closely together and efficiently to strive to solve potential reputational problems at the source.

Second, working on the reputational risk matching management. The Bank conducted multi-level and in-depth strengthening of reputational risk refinement management by further enhancing reputational risk identification, check and assessment, grading and classification management of potential reputational risks. The Bank clearly identified the trigger conditions for various reputation events, and flexibly adopted scientific, reasonable and efficient response and disposal mechanisms.

Third, striving for effectiveness management of reputational risks. Through special training and practical exercises, the Bank enhanced the ability of cadre staffs on comprehensive research and trend analysis of public opinions, accurate control over the starting conditions of reputation events, and mastery of the development trend of public opinion topics based on effective monitoring of dynamic changes in public opinion topics, thus effectively realising the response and disposal of reputational risks.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10.8 Strategic Risk

Strategic risk refers to the risk caused by improper business strategy or changes in the external business environment.

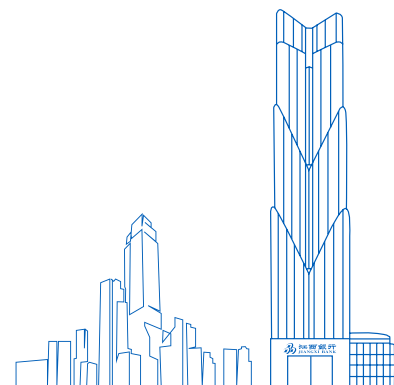
The strategic risk management of the Bank is designated to continuously adjust and improve the company's strategies and management strategy system according to changes in the market environment and the corporate's own development to ensure that the corporate strategic risks are reasonably controllable.

During the Reporting Period, the Bank comprehensively carried out strategic risk management based on external situation and operation, monitored strategic risk on a regular basis, assessed and tracked potential strategic risk to be tolerated in the short term, and ensured that the Company's strategy was instructive, feasible and scientific for the development of the whole Bank.

### 3.10.9 Capital Management

As of December 31, 2020, December 31, 2021, and June 30, 2022, the adequacy ratios of the Group's core tier-one capital were 10.29%, 9.66% and 9.51%, respectively; the adequacy ratios of the Group's tier-one capital were 10.30%, 11.80% and 11.55%, respectively; the adequacy ratios of the Group's capital were 12.89%, 14.41% and 13.29%, respectively. In the first half of 2022, the Group redeemed tier-two capital bonds of RMB3 billion, reducing tier-two capital by RMB3 billion. As of June 30, 2022, the gearing ratio (liabilities over assets) of the Group was 91.63%.

As of December 31, 2020, December 31, 2021 and June 30, 2022, the Group's leverage ratios were 7.16%, 7.98% and 8.01% respectively, which are in compliance with relevant regulatory requirements in China.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

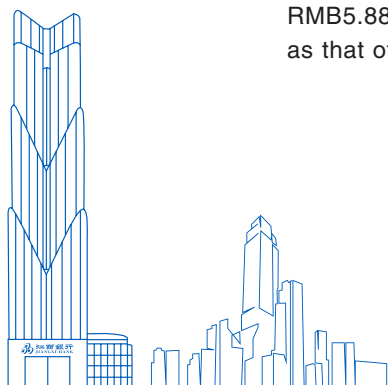
### Capital Adequacy Ratios Table

Item	As of	As of
	June 30, 2022	December 31, 2021
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	37,020.88	35,812.06
Net tier-one capital	44,955.41	43,746.22
Net tier-two capital	6,776.36	9,665.82
Net capital base	51,731.78	53,412.04
Risk weighted assets	389,253.30	370,658.53
Credit risk-weighted assets	364,865.77	346,875.48
Market risk-weighted assets	2,975.62	2,371.14
Operational risk-weighted assets	21,411.91	21,411.91
<b>Core tier-one capital adequacy ratio</b>	<b>9.51%</b>	9.66%
<b>Tier-one capital adequacy ratio</b>	<b>11.55%</b>	11.80%
<b>Capital adequacy ratio</b>	<b>13.29%</b>	14.41%

## 3.11 SOCIAL RESPONSIBILITY

### 3.11.1 Serving local development

The Bank introduced 22 measures and “Opinions of Jiangxi Bank on Implementing the Dual ‘One Project’ of Deepening Development and Reform of Jiangxi Province” to fully support and stabilize economic development, and signed strategic cooperation agreements with a number of enterprises in Jiangxi Province. In the first half of the year, the Bank’s credit supply grew faster than the industry average. As of the end of the Reporting Period, the balance of loans for major projects was RMB36.14 billion, representing an increase of RMB8.960 billion or 32.97% as compared to the end of last year; the balance of loans for manufacturing industry was RMB16.936 billion, representing an increase of RMB999 million or 6.27% as compared to the end of last year; the balance of green loans was RMB19.587 billion, representing an increase of RMB2.581 billion or 15.18% as compared to the end of last year. The Bank further developed inclusive finance, established a long-term mechanism for daring to loan, being willing and able to loan, and knowing how to loan, and enhanced the competitiveness of inclusive products. The balance of inclusive loans was RMB29.396 billion, representing an increase of RMB5.885 billion as compared to the end of the previous year, which was basically the same as that of the previous year.



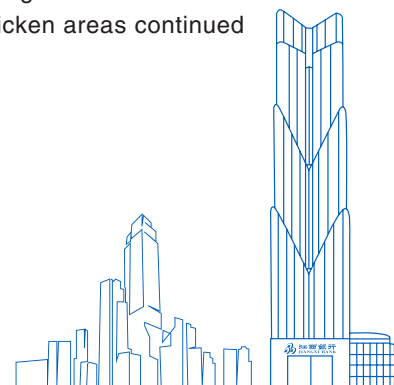
## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.11.2 Actively Helping Enterprises

Since the outbreak of the epidemic in Jiangxi Province in March 2022, the Bank has resolutely implemented the decision and deployment of efficient coordination of epidemic prevention and control and economic and social development, established an emergency financing mechanism for epidemic prevention and control with the Department of Industry and Information Technology of Jiangxi Province and the Jiangxi Provincial Local Financial Supervision and Administration Bureau, actively connected more than 2,400 enterprises, increased credit support of RMB15.442 billion, and supported key production enterprises of epidemic prevention materials and epidemic emergency financing of RMB0.185 billion in Jiangxi Province. The Bank strictly implemented the decisions and arrangements of the CPC Central Committee and the State Council on promoting fee reduction and profit concessions. During the Reporting Period, the Bank reduced corporate financing costs by implementing measures such as preferential interest rates. The average interest rate of various loans was 4.86%, representing a year-on-year decrease of 32BP, and the financing costs of customers decreased by approximately RMB 0.451 billion year-on-year; At the same time, the Bank strictly implemented the fee reduction and benefit policy of the PBOC and other four ministries and commissions on payment and settlement business, adhered to the original intention of “payment to the people”, took the initiative to take responsibility, extended preferential policies to all corporate customers, cancelled the amount of preferential restrictions.

### 3.11.3 Supporting Rural Revitalization

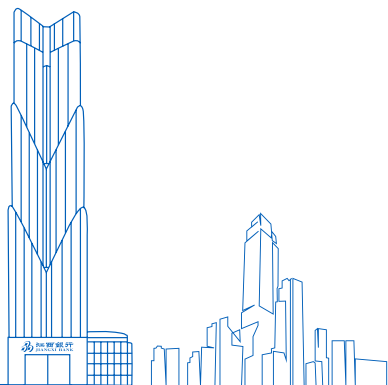
The Bank conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council on rural revitalization, deeply cultivated the small and micro financial service market in county areas and towns, and continued to consolidate and expand the achievements of poverty alleviation and effectively connected with rural revitalization. As of the end of the Reporting Period, the balance of agriculture-related loans of the Bank amounted to RMB42.672 billion, representing an increase of RMB8.606 billion or 25.26% as compared to the end of the previous year. The Bank served 10,075 agriculture-related customers, and the weighted average interest rate of agriculture-related loans was 5.69%. Among them, the Bank served 4,153 inclusive agriculture-related customers, and the balance of inclusive agriculture-related loans was RMB4.702 billion, representing an increase of RMB0.93 billion or 24.66% as compared to the end of the previous year, which was higher than the growth rate of all loans (excluding discounted bills) of the Bank of 17.2 percentage points. The Bank completed the periodic growth rate of inclusive agriculture-related loans not lower than the regulatory indicators for the growth rate of all loans. The balance of loans in poverty-stricken areas was RMB20.389 billion, representing an increase of RMB2.5 billion comparing to the end of last year, and the regulatory indicators of the balance of loans in poverty-stricken areas continued to grow in stages.



## CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

### 3.12 FUTURE DEVELOPMENT PROSPECTS

At present, the risk of global economic stagflation is elevating, the policies of major economies tend to be tightened, and external instability and uncertainties have increased significantly. The impact of the domestic epidemic has not been completely eliminated. The demand diminution and supply disruption are intertwined, and the structural contradictions and periodical problems are superimposed. The operation of market entities is still difficult, and the foundation for continuous economic recovery is unstable. Looking ahead to the second half of the year, with the effective coordination of epidemic prevention and control as well as economic and social development, the effects of various policies and measures to effectively promote the stability of the economy will continue to emerge, and the Chinese economy is expected to continue to rebound within a reasonable range. As the resilience of economic development continues to emerge, the continuation and further implementation of various supporting measures for benefiting enterprises and people, the trend of steady economic growth in Jiangxi Province is expected to be further consolidated. In the second half of 2022, the Bank, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, will fully, accurately and comprehensively implement the new development concept. In accordance with the requirements of epidemic prevention, economic stability and development safety, the Bank will efficiently coordinate epidemic prevention and control and economic and social development, seize the critical period of economic recovery, take the initiative, overcome the obstacles and difficulties for the smooth completion of all targets and tasks for the year.



## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of June 30, 2022, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

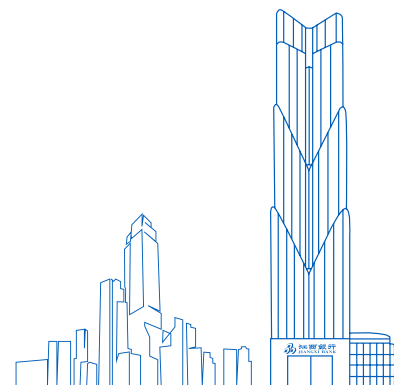
(Unit: share)

Item		As of December 31, 2021	Changes in the Reporting Period	As of June 30, 2022
Domestic Shares	State capital	484,390,278	(45,000,000)	<b>439,390,278</b>
	Corporate capital	4,119,247,754	45,000,000	<b>4,164,247,754</b>
	Personal capital	75,138,869	–	<b>75,138,869</b>
H Shares		1,345,500,000	–	<b>1,345,500,000</b>
Total		6,024,276,901	–	<b>6,024,276,901</b>

### 4.2 INFORMATION ON SHAREHOLDERS

#### 4.2.1 Total Number of Domestic Shareholders

As of June 30, 2022, the Bank had 8,942 Domestic Shareholders, including 29 State Shareholders, 289 corporate Shareholders and 8,624 natural person Shareholders.



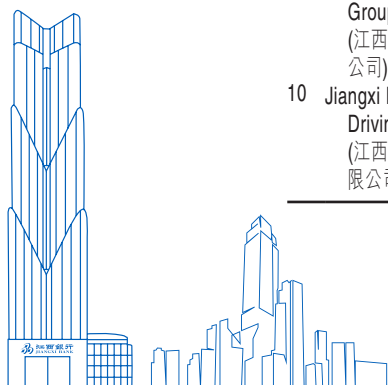


## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.2 Particulars of Shareholdings of the Top 10 Domestic Shareholders of the Bank

(Unit: share)

No.	Name of Shareholder	Nature of Shareholder	Total number of shares held as of June 30, 2022	Changes as compared to 31 December, 2021	Percentage of total share capital as of June 30, 2022 (%)	Pledged or frozen shares Status of shares	Number
1	Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司)	State-owned Corporate shareholder	937,651,339	0	15.56	Normal	-
2	Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司)	State-owned Corporate shareholder	347,546,956	0	5.77	Normal	-
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd. (江西省錦峰投資管理有限責任公司))	State-owned Corporate shareholder	263,000,000	0	4.37	Normal	-
4	Pingxiang Huixiang Construction Development Co., Ltd. (萍鄉市匯翔建設發展有限公司)	State-owned Corporate shareholder	241,088,500	0	4.00	Normal	-
5	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	228,070,170	0	3.79	Normal	-
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned Corporate shareholder	180,000,000	0	2.99	Normal	-
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	0	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	State-owned Corporate shareholder	140,000,000	0	2.32	Normal	-
9	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned Corporate shareholder	99,830,800	0	1.66	Normal	-
10	Jiangxi Blue Sky Automobile Driving School Co., Ltd. (江西藍天駕駛培訓中心有限公司)	General corporate shareholder	97,289,259	0	1.61	Normal	-



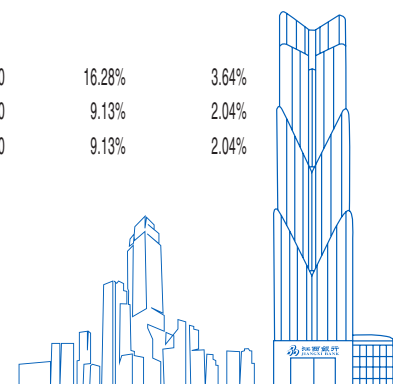
## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations

To the best knowledge of the Bank and the Directors, as at June 30, 2022, the following substantial Shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares <sup>1</sup>	Change as compared to December 31, 2021	Approximate percentage of the total issued share capital of the class of the Bank <sup>2</sup>	Approximate percentage of the total issued share capital of the Bank <sup>2</sup>
Jiangxi Provincial Communications Investment Group Co., Ltd. <sup>3</sup>	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. <sup>4</sup>	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
China National Tobacco Corporation Jiangxi Branch <sup>5</sup>	Domestic Shares	Beneficial owner	180,000,000 (L)	0	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	0	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd. <sup>6</sup>	Domestic Shares	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Hua An Fund Management Co., Ltd represent Hua An Fund-Track Group QDII, Hua An Fund-Municipal Group QDII, Hua An Fund-Track City Investment Company, Hua An Fund-Industrial Holdings QDII, Hua An Fund-High and New Municipal QDII, Hua An Fund-Honggu Tan City Investment QDII, Hua An Fund-Jinkai Capital QDII, Hua An Fund-County investment QDII and other asset management plans <sup>7</sup>	H Shares	Others	270,584,000 (L)	0	20.11%	4.49%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	0	16.28%	3.64%
AMTD Asia Limited <sup>8</sup>	H Shares	Beneficial owner	122,841,500 (L)	0	9.13%	2.04%
AMTD Group Company Limited <sup>9</sup>	H Shares	Interest of controlled corporation	122,841,500 (L)	0	9.13%	2.04%

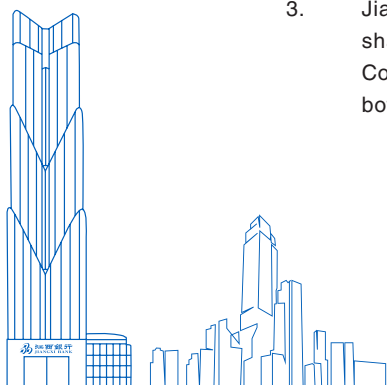


## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares <sup>1</sup>	Change as compared to December 31, 2021	Approximate percentage of the total issued share capital of the Bank <sup>2</sup>	Approximate percentage of the total issued share capital of the Bank <sup>2</sup>
CITIC Guoan Group <sup>9</sup>	H Shares	Interest of controlled corporation	115,213,000 (L)	0	8.56%	1.91%
Road Shine Developments Limited <sup>9</sup>	H Shares	Beneficial owner	115,213,000 (L)	0	8.56%	1.91%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) <sup>10</sup>	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan No. 10/Guotai Asset Management Co Ltd-CHINA GUANGFA BANK CO. LTD-GTFUND-QDII1-10 Principal: Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) <sup>10</sup>	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%
Mingyuan Group Investment Limited <sup>11</sup>	H Shares	Beneficial owner/Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
SHUM Tin Ching <sup>11</sup>	H Shares	Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
WANG Xinmei <sup>11</sup>	H Shares	Interest held jointly with another person	81,308,000 (L)	0	6.04%	1.35%
Chiyu Banking Corporation Limited	H Shares	Beneficial owner	77,604,500 (L)	77,604,500	5.77%	1.29%

### Notes:

- (L) represents long position, and (S) represents short position.
- As at June 30, 2022, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Jiangxi Provincial Communications Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Communications Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳).

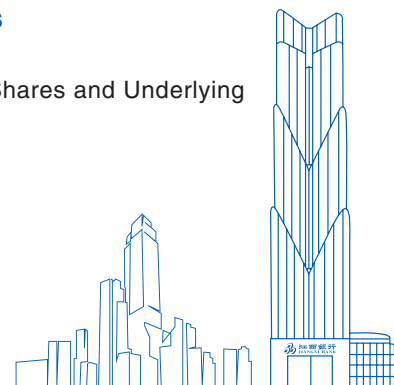


## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller both are Jiangxi Financial Assets Center.
5. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司).
6. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LUO Haiping. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市匯豐投資有限公司), its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會).
7. Hua An Fund Management Co., Ltd. is the manager of eight QDII Single Asset Management Plans, and holds shares of the Bank through the above-mentioned eight asset management plans to achieve its investment plans on behalf of its asset trustees.
8. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. Therefore, AMTD Group Company Limited is deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.
9. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.
10. The controlling shareholder of Yichun Development Investment Group Co., Ltd. is Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
11. Mingyuan Group Investment Limited holds 81,308,000 shares of the Bank. Mingyuan Group Investment Limited is wholly-owned by SHUM Tin Ching and WANG Xinmei. Therefore, according to the SFO, SHUM Tin Ching and WANG Xinmei (the spouse of SHUM Tin Ching) are deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.

### 4.2.4 Shareholders Holding 5% or More of the Bank's Shares

See 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.



## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.5 Other Substantial Domestic Shareholders

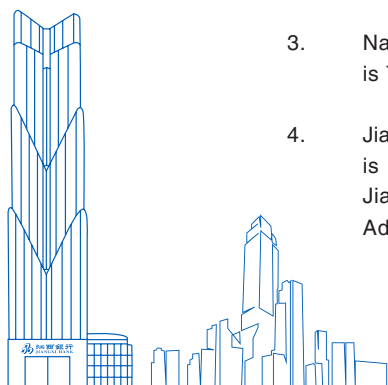
According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as adopted at the 1st chairman's meeting of the former China Banking Regulatory Commission in 2018 (former CBRC Order 2018 No. 1), substantial shareholders of a commercial bank means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.

Other than those disclosed in the section 4.2.3 "Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations" in this chapter, i.e., Jiangxi Provincial Communications Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd. and China National Tobacco Corporation Jiangxi Branch, substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total shares of the Bank but dispatch Directors, Supervisors or senior executives to the Bank are as follows:

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares <sup>1</sup>	Change as compared to 31 December 2021	Approximate percentage of the total issued share capital of the Bank <sup>2</sup>	Approximate percentage of the total issued share capital of the Bank <sup>2</sup>
Nanchang Municipal Bureau of Finance <sup>3</sup>	Domestic Shares	Beneficial owner	228,070,170 (L)	0	4.87%	3.79%
Jiangxi Copper Company Limited <sup>4</sup>	Domestic Shares	Beneficial owner	140,000,000 (L)	0	2.99%	2.32%

*Notes:*

- (L) represents long position, and (S) represents short position.
- As at June 30, 2022, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Nanchang Municipal Bureau of Finance is a state-owned shareholder, whose responsible person is TU Xiaohui.
- Jiangxi Copper Company Limited is a State-owned corporate shareholder, whose legal representative is ZHENG Gaoqing. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.



## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial shareholders	Related parties of substantial shareholders
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	Department of Transportation of Jiangxi Province, Jiangxi Administrative Assets Group Co., Ltd.(江西省行政事業資產集團有限公司), Jiangxi Highway Development Co., Ltd.(江西公路開發有限責任公司), Jiangxi JiaoTou Property Development Co.,Ltd.(江西省交投置業發展有限責任公司), Jiangxi Transportation Engineering Group Co., Ltd.(江西省交通工程集團有限公司),Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司),Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Lutong Real Estate Development Co., Ltd.(江西路通房地產開發有限公司), Jiangxi Changtong Expressway Co., Ltd.(江西昌銅高速公路有限責任公司), Jiangxi Expressway Cultural Tourism Development Co., Ltd.(江西高速文化旅遊發展有限公司), Jiangxi Expressway Petrochemical Co., Ltd.(江西高速石化有限責任公司), Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司), Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd., Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. (江西省高速公路投資集團材料有限公司), Jiangxi Expressway Materials Co.,Ltd., etc.
2	Jiangxi Financial Holding Group Co., Ltd.	Jiangxi Financial Assets Center, Jiangxi Financial Holding Group Co. Ltd, Jiangxi Province Credit Financing Guarantee Group Co., Ltd. (江西省信用融資擔保集團股份有限公司), Jiangxi Financial Asset Management Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. (江西省普惠融資擔保有限公司), Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. (江西金資供應鏈金融服務有限公司), Jiangxi Financial Supply Chain Services Co., Ltd.(江西金控供應鏈服務有限公司), Quannan Hengbang Real Estate Co., Ltd, Jiangxi Zhongbang Land Development Co., Ltd. (江西省中邦土地開發有限公司), Jiangxi Financial Holding Urban Development Investment Co., Ltd. (江西省金控城鎮開發投資有限公司), Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司), Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), etc.



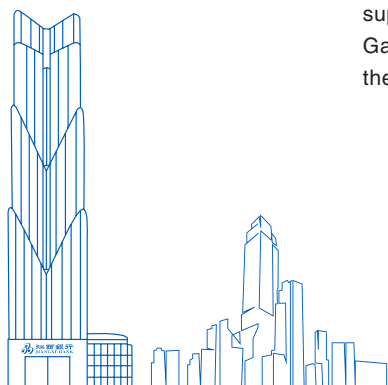


## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
3	China National Tobacco Corporation Jiangxi Branch	China National Tobacco Corporation (中國煙草總公司), Jiangxi Tobacco Corporation Nanchang Branch(江西省煙草公司南昌市公司), Jiangxi Tobacco Corporation Jiujiang Branch (江西省煙草公司九江市公司), Jiangxi Tobacco Corporation Fuzhou Branch (江西省煙草公司撫州市公司), Jiangxi Tobacco Corporation Ji'an Branch (江西省煙草公司吉安市公司), Jiangxi Jinfeng Investment Management Co., Ltd., etc.
4	Ganshang Union (Jiangxi) Co., Ltd.	Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Zhongjiu Optoelectronics Industry Co., Ltd. (中久光電產業有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司), Jiangxi Lianchuang Zhiguang Science& Technology Co., Ltd. (江西聯創致光科技有限公司), Nanchang Yatuo Architectural Design Co., Ltd., (南昌雅拓建築設計有限公司), Jiangxi Kuncheng Investment Co.,Ltd. (江西坤城投資有限公司), etc.
5	Jiangxi Copper Company Limited	State-owned Assets Supervision and Administration Commission of Jiangxi Province, Jiangxi Copper Corporation Limited, Jiangxi Copper Lead-zinc Metal Co., Ltd.(江西銅業鉛鋅金屬有限公司), Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司), JCC Financial Co.,Ltd.(江西銅業集團財務有限公司), Jiangxi Copper Industry Group Yinshan Mining Industry Co., Ltd.(江西銅業集團銀山礦業有限責任公司), Jiangxi Copper Group Construction Co., Ltd. (江西銅業集團建設有限公司),etc.

*Note:*

- Ganshang Union (Jiangxi) Co., Ltd. has become a related party legal person of the Bank due to the significant influence of the appointment of shareholder representative Supervisors of the second session of the Board of Supervisors. The appointed Supervisor resigned on June 28, 2022, and no supervisor was appointed after the resignation. According to the principle of substance over form, Ganshang Union (Jiangxi) Co., Ltd. retained as a related party of the Bank within 12 months after the appointed Supervisor's retirement.

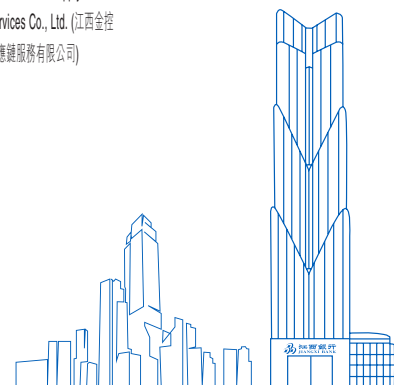


## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.7 Related Party Transactions between the Bank and the Substantial Domestic Shareholders and Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert, and Ultimate Beneficiaries thereof in the Reporting Period

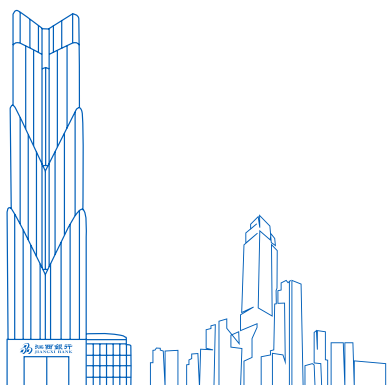
Unit: RMB million

No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise	Credit balance	De facto controller	Persons			Credit balance	Credit balance	Total	
						acting in concert	Ultimate beneficiary	Related party				
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,414.66	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Communications Investments Group Co., Ltd.	Jiangxi Provincial Expressway Investment Group Co., Ltd. Jiangxi Transportation Engineering Group Co., Ltd. Jiangxi Expressway Materials Co., Ltd.	522.62 10.94 156.24	3,104.47
2	Jiangxi Financial Holding Group Co., Ltd.	1,025.00	Jiangxi Provincial Financial Assets Center (江西省財政資產中心)	-	Jiangxi Provincial Financial Assets Center (江西省財政資產中心)	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	Jiangxi Financial Asset Management Co., Ltd. Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. JiangXi Province Credit Financing Guarantee Group Co., Ltd. Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. Quannan Hengbang Real Estate Co., Ltd. Jiangxi Financial Holding Foreign Trade Co., Ltd. Jiangxi Xingsen International Trade Co., Ltd. Jiangxi Financial Holding Urban Development Investment Co., Ltd. Jiangxi Financial Supply Chain Services Co., Ltd. (江西金融供應鏈服務有限公司)	850.00 98.05 506.65 300.00 140.00 100.00 50.00 65.00 80.00	3,214.70



## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise	Credit balance	De facto controller	Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
						Credit balance	acting in concert	Credit balance						
3	China National Tobacco Corporation Jiangxi Branch (including Jiangxi Jinfeng Investment Management Co., Ltd.)	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch	-	-	-	-	-
4	Ganshang Union (Jiangxi) Co., Ltd.	-	WU Xuan (伍珣)	-	WU Xuan (伍珣)	-	None	-	WU Xuan (伍珣)	-	Nanchang Yatuo Architectural Design Co., Ltd. Jiangxi Kuncheng Industrial Co., Ltd. (江西坤成實業股份有限公司) Jiangxi Electronic Group Corporation Ltd. Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd.	8.40 15.80 960.23 156.00	1,140.43	
5	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	無	-	Jiangxi Copper Company Limited	-	Jiangxi Copper Lead-zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司)	227.38	227.38	
<b>Total</b>		<b>3,439.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,439.66</b>	<b>-</b>	<b>4,247.32</b>	<b>7,686.98</b>	



## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

Nil

### 4.2.9 Nomination of Directors and Supervisors by the Shareholders

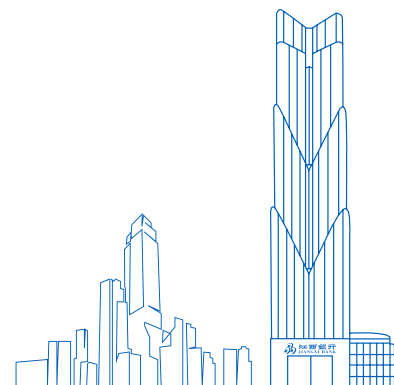
- 1 Mr. YU Minxin and Mr. DENG Yonghang were nominated as Directors by Jiangxi Provincial Communications Investment Group Co., Ltd.;
- 2 Ms. XIONG Jiemin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;
- 3 Ms. ZHUO Liping was nominated as a Director by China National Tobacco Corporation Jiangxi Branch;
- 4 Mr. LI Shuiping was nominated as a Director by Nanchang Municipal Bureau of Finance;
- 5 Mr. ZHOU Minhui was recommended to be nominated as a Supervisor by Jiangxi Copper Company Limited.

### 4.2.10 The Number of Pledged Shares of the Bank Reaching or Exceeding 20% of All Its Shares

Nil

### 4.2.11 The Number of Shares Pledged by Substantial Domestic Shareholders Reaching or Exceeding 50% of the Total Shares Held by Them in the Bank

Nil



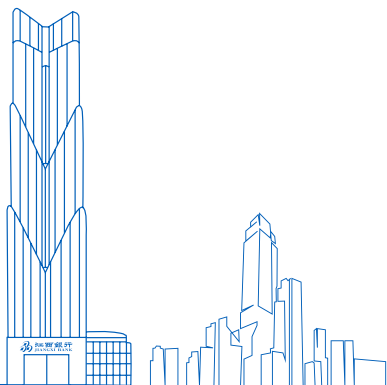
## CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### 4.2.12 The Bank's Pledged Shares being Frozen, Judicially Auctioned, Restricted from Voting Right or Other Rights

- 1 As of the end of the Reporting Period, the Bank had a total of 6,024,276,901 shares, and a total of 672,244,286 Domestic Shares held by 26 Domestic Shareholders were pledged, accounting for 11.16% of the Bank's total shares. 129,295,649 pledged shares were judicially frozen and 0 pledged shares were judicially auctioned.
- 2 According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As of the end of the Reporting Period, 25 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 598,352,286 shares were restricted, accounting for 9.93% of the total shares.

### 4.2.13 Purchase, Sale or Redemption of Listed Securities

Save as disclosed in the section headed "7.1 BOND ISSUE AND REPURCHASE" in this report, neither the Bank nor its subsidiaries purchased, sold or redeemed any of its listed securities during the Reporting Period.



## CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

### 5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

#### 5.1.1 Directors

As at the Latest Practicable Date, the Board consists of eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Name	Gender	Date of birth	Commencement of term of office of the third session of the Board <sup>1</sup>	Title
ZENG Hui	Female	September 1970	August 4, 2022	Chairman and Executive Director
LUO Xiaolin	Male	March 1971	August 3, 2022	Vice chairman, Executive Director, president
YU Minxin	Male	October 1977	June 28, 2022	Non-executive Director
DENG Yonghang	Male	June 1974	Qualification is under approval	Non-executive Director
XIONG Jiemin	Female	November 1985	Qualification is under approval	Non-executive Director
ZHUO Liping	Female	December 1972	June 28, 2022	Non-executive Director
LI Shuiping	Male	October 1968	Qualification is under approval	Non-executive Director
WANG Yun	Female	May 1966	June 28, 2022	Independent non-executive Director
WONG Hin Wing	Male	December 1962	June 28, 2022	Independent non-executive Director
LIU Xinghua	Male	July 1972	August 25, 2022	Independent non-executive Director
YANG Ailin	Male	May 1969	August 25, 2022	Independent non-executive Director

*Notes :*

1. The Bank elected ZENG Hui, LUO Xiaolin, YU Minxin, DENG Yonghang, XIONG Jiemin, ZHUO Liping, LI Shuiping, WANG Yun, WONG Hin Wing, LIU Xinghua and YANG Ailin as directors of the third session of the Board of Directors of the Bank at the 2021 annual general meeting on June 28, 2022, of which, the directorship of ZENG Hui and LUO Xiaolin have been approved by the China banking and insurance regulatory authorities on August 4, 2022 and August 3, 2022, respectively, the directorship of LIU Xinghua and YANG Ailin have been approved by the China banking and insurance regulatory authorities on August 25, 2022, and the directorship of DENG Yonghang, XIONG Jiemin and LI Shuiping shall take effect upon the approval of the China banking and insurance regulatory authorities.





### 5.1.2 Supervisors

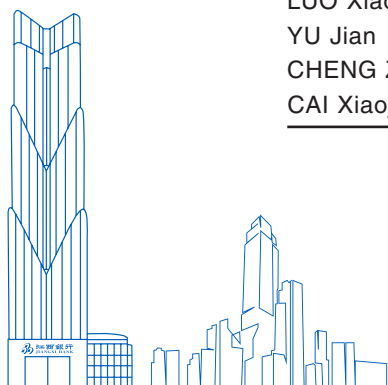
The Board of Supervisors consists of six Supervisors, including three external Supervisors, two employee representative Supervisors and one shareholder representative Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative term of an external Supervisor shall not exceed six years, pursuant to the relevant PRC laws and regulations. The following table sets forth certain information about the Supervisors.

Name	Gender	Date of birth	Commencement of term of office of the third session of the Board of Supervisors	Title
LIU Fulin	Male	November 1963	June 28, 2022	Chairman of the Board of Supervisors, employee representative Supervisor
LI Xunlei	Male	September 1963	June 28, 2022	External Supervisor
LUO Ping	Male	October 1957	June 28, 2022	External Supervisor
WANG Guizhi	Female	August 1960	June 28, 2022	External Supervisor
ZHOU Minhui	Male	June 1964	June 28, 2022	Shareholder representative Supervisor
WANG Wei	Male	November 1989	June 28, 2022	Employee representative Supervisor

### 5.1.3 Senior management members

The following table sets forth certain information regarding the senior management of the Bank.

Name	Gender	Date of birth	Title
LUO Xiaolin	Male	March 1971	President
YU Jian	Male	June 1974	Vice president
CHENG Zongli	Male	September 1966	Vice president
CAI Xiaojun	Male	November 1966	Vice president



### 5.2 CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

#### 5.2.1 Changes of Directors during the Reporting Period

The Bank held the 2021 annual general meeting on June 28, 2022, at which ZENG Hui, LUO Xiaolin, YU Minxin, DENG Yonghang, XIONG Jiemin, ZHUO Liping, LI Shuiping, WANG Yun, WONG Hin Wing, LIU Xinghua and YANG Ailin were elected as directors of the third session of the Board of Directors of the Bank, of which the directorship of ZENG Hui and LUO Xiaolin have been approved by the CBIRC on August 4, 2022 and August 3, 2022, respectively, the directorship of LIU Xinghua and YANG Ailin have been approved by the CBIRC on August 25, 2022, and the directorship of DENG Yonghang, XIONG Jiemin and LI Shuiping shall take effect upon the approval of the CBIRC.

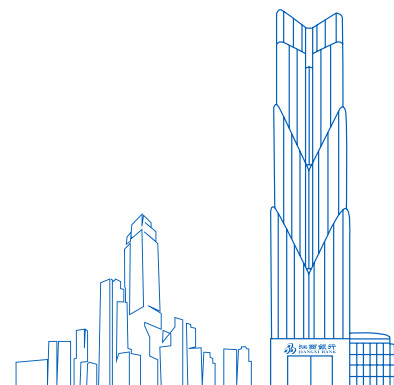
#### 5.2.2 Changes of Supervisors during the Reporting Period

The Bank held the 2021 annual general meeting on June 28, 2022, at which Mr. LI Xunlei, Mr. LUO Ping and Ms. WANG Guizhi were elected as external Supervisors of the third session of the Board of Supervisors of the Bank, and Mr. Zhou Minhui was elected as a shareholder Supervisor of the third session of the Board of Supervisors of the Bank. Due to the expiration of the term of office, Mr. SHI Zhongliang, Ms. LI Danlin, Mr. SHI Jing, Mr. YU Han, Mr. WANG Ruiqiang ceased to serve as Supervisors of the Bank.

The Bank held the employee representatives meeting on June 17, 2022 and June 24, 2022, respectively, at which Mr. LIU Fulin and Mr. WANG Wei was elected as an employee representative Supervisor of the third session of the Board of Supervisors of the Bank. Mr. CHEN Xinxiang and Mr. LOU Mingnong ceased to serve as employee representative Supervisors of the Bank.

#### 5.2.3 Changes of Senior Management Members during the Reporting Period

1. On January 28, 2022, CBIRC Jiangxi Office approved the qualification of Mr. LUO Xiaolin as the president of the Bank. On June 28, 2022, the Bank held the first meeting of the third session of the Board of Directors, at which the Proposal on Appointing Mr. LUO Xiaolin as the President of Jiangxi Bank was considered and approved, and Mr. LUO Xiaolin was appointed as the president of the Bank. His term of office is the same as that of the third session of the Board of Directors.



## CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

2. On February 25, 2022, Jiangxi Provincial Department of Finance removed Mr. CHEN Yong from his position as a party committee member and nominated him to be removed as a vice president due to reaching the retirement age. On March 25, 2022, the Bank held the 13th meeting of the second session of the Board of Directors, at which the Proposal on Removal of CHEN Yong as the Vice President of Jiangxi Bank was considered and approved, and Mr. CHEN Yong was removed as the vice president of the Bank, with effect from the date of approval by the Board of Directors.
3. On May 9, 2022, the Bank received the written resignation tendered by Mr. XU Jihong to resign as the vice president of the Bank. On May 9, 2022, the Bank held the 2022 ninth extraordinary meeting of the second session of the Board of Directors, at which the Proposal on Resignation of XU Jihong from Various Positions including Director and Vice President of Jiangxi Bank was reported.

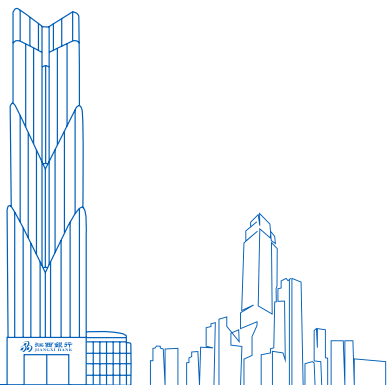
### 5.2.4 Changes in Information of Directors and Supervisors

In April 2022, Ms. WANG Yun served as an external director of Jiangxi Port Group Co., Ltd.

## 5.3 DEALING IN SECURITIES BY DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors and Supervisors. Having been made specific enquiry, all Directors and Supervisors confirmed that they have complied with requirements under the above Model Code during the Reporting Period.

During the Reporting Period, the Directors and Supervisors did not have any dealing in the Bank's shares.



## CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

### 5.4 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at June 30, 2022, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

I) Directors: Nil

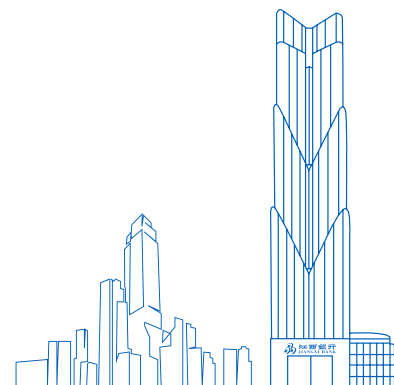
II) Supervisors:

Name	Position	Class of shares	Nature of interest	Number of shares directly or indirectly held (Unit: share)	Approximate percentage of the issued share capital of the relevant share class	Approximate percentage of the total share capital in the Bank
LIU Fulin <sup>(1)</sup>	Employee Representative Supervisor	Domestic Shares	Interest of spouse	2,000	0.000043%	0.000033%

Notes:

1 Mr. Liu Fulin is deemed to be interested in 2,000 Domestic Shares held by his spouse, Ms. Nie Lei (聶磊), by virtue of the SFO.

III) Chief executives: Nil



### 5.5 INFORMATION OF EMPLOYEES

#### 5.5.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,413 employees.

##### 1 *By age*

The Bank has 2,089 employees aged 30 or under, accounting for 38.59% of the total number of employees; 2182 employees aged 31 to 40, accounting for 40.31% of the total number of employees; 885 employees aged 41 to 50, accounting for 16.35% of the total number of employees; and 257 employees aged 50, accounting for 4.75% of the total number of employees.

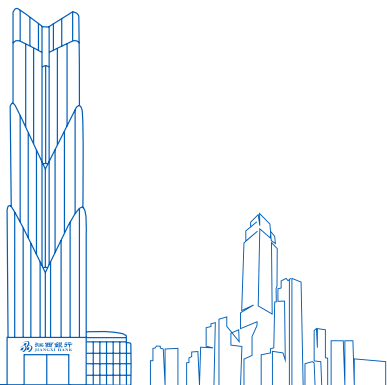
##### 2 *By education*

The Bank has 5,045 employees with a bachelor degree or above, accounting for 93.20% of the total number of employees, and 368 employees with a college degree or below, accounting for 6.80% of the total number of employees.

#### 5.5.2 Employee Training Plan

During the Reporting Period, with the Bank's strategic guiding principle and business philosophy as the guidance, the quality and ability development as the core and the common growth of the Company and its employees as the goal, the Bank gradually formed a training mechanism that is compatible for the development of the Bank and in line with the pattern of employee growth, and built a learning, pragmatic and innovative employee team.

During the Reporting Period, in accordance with the requirements of regular epidemic prevention and control, and in connection with the Work Plan for Employees' Educational Training for 2022 of the Bank, the Bank gave full play to the advantages of the online learning platform of unlimited locations and learning at any time, timely carried out live streaming training on new businesses and new products, actively participated in online training held by external agencies. Through the combination of internal and external training, theory and practice as well as camp training and self-study, the Bank enhanced the employees' sense of recognition with the company, improving the employees' working ability and standard.



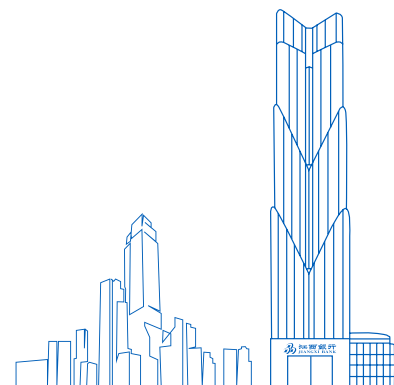
### 5.5.3 Employee Remuneration Policy

#### 1 *Remuneration policy*

In strict compliance with the Supervisory Guidelines on Sound Compensation in Commercial Banks and other relevant regulations, the Bank established a value-oriented compensation system of “unified position and salary, salary changes for ranking changes and bonus based on performance” to undertake the construction of dual-channel promotion mechanism for position and rank, and deferred the payment for the pro rata performance-based compensation to the Bank’s senior management members and positions that have a significant impact on risks in accordance with regulatory requirements. Employees enjoy the enterprise annuity, supplementary medical insurance and other welfare, in addition to the basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and other various legal welfare specified by the state.

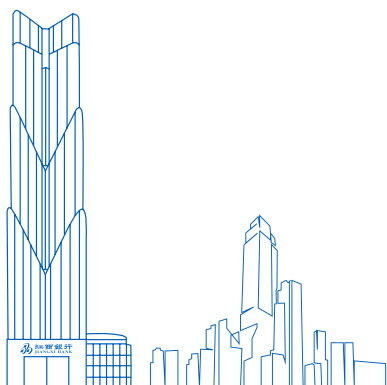
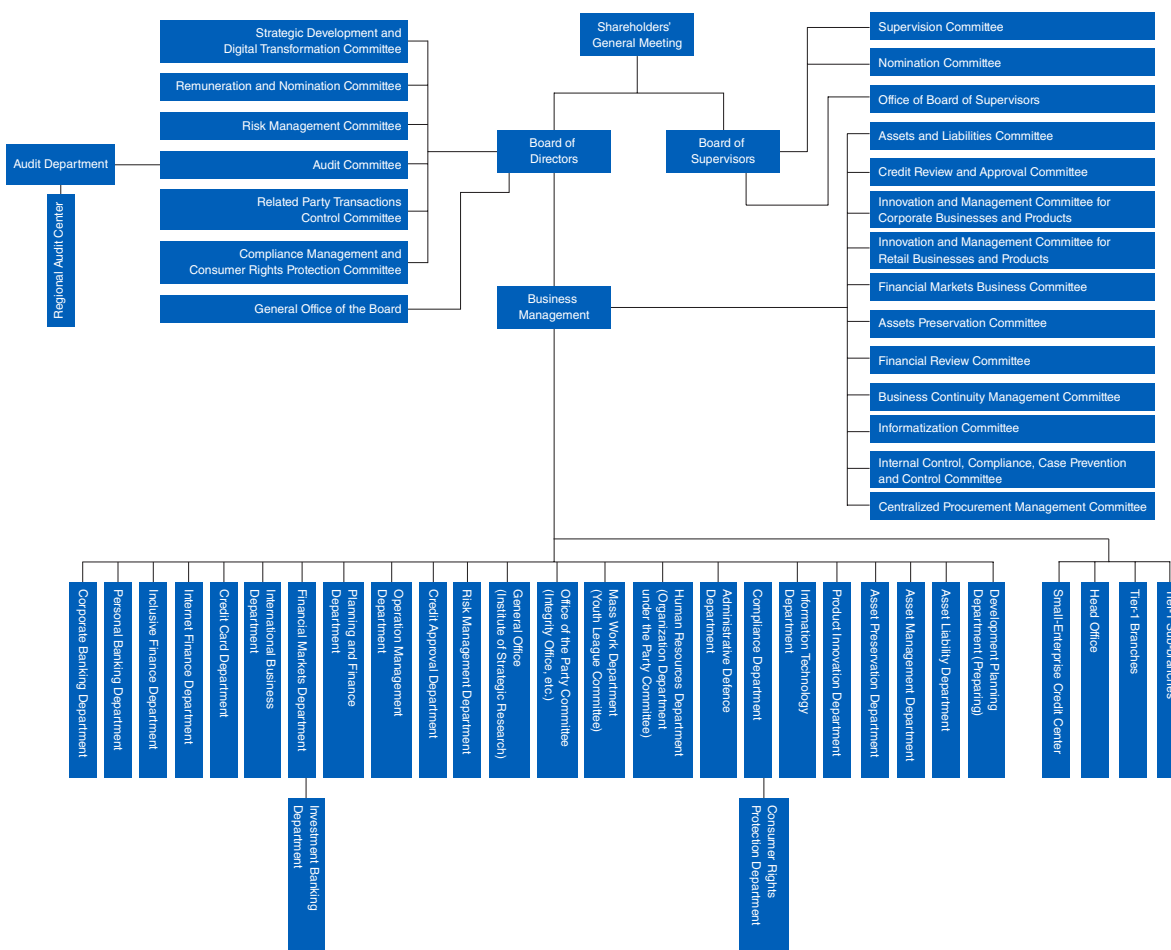
#### 2 *Linkage between remuneration policy and risk*

In order to further strengthen risk management, enhance risk awareness, give full play to the guiding role of remuneration in risk management and control, and promote the stable operation and sustainable development of the Bank, the Bank has established and improved the deferred payment and recourse and deduction mechanism of performance-based remuneration in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks and the Notice on the Guidance on the Establishment and Improvement of the Recourse and Deduction Mechanism of Performance-based Remuneration of Banking and Insurance Institutions.





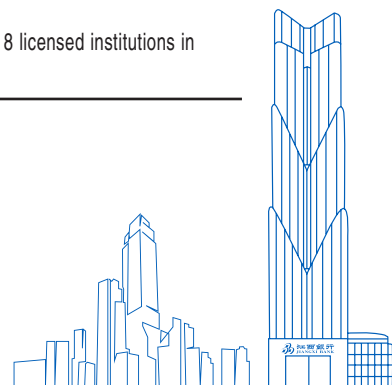
## 5.6 ORGANIZATIONAL STRUCTURE



## CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

### 5.7 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head Office	No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province	Governing 77 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang Branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang Branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou Branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 22 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun Branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 15 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu Branch	No. 69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 4 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao Branch	Block 20, No. 32 Xingyuan Avenue, Shangrao Economic and Technical Development Zone, Jiangxi Province	Governing 13 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an Branch	1/F, Tianhong Shopping Plaza, Guangchang South Road North, Jinggangshan Avenue West, Jizhou District, Ji'an, Jiangxi	Governing 15 licensed institutions in Ji'an
Fuzhou, Jiangxi	Fuzhou Branch	No. 618 Gandong Avenue, Fuzhou, Jiangxi Province	Governing 10 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian Branch	No. 1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi Province	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen Branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Guangzhou	Guangzhou Branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F, Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou City, Guangdong Province	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou Branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou
Nanchang, Jiangxi	Small Enterprise Credit Center	No. 96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi



## CHAPTER VI CORPORATE GOVERNANCE

### 6.1 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE LISTING RULES

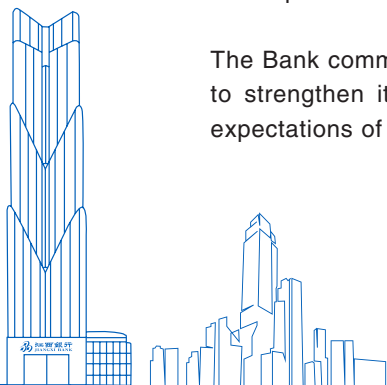
During the Reporting Period, the Bank continued to improve the transparency of corporate governance to protect the interests of Shareholders and enhance corporate value.

The Bank has established a relatively comprehensive corporate governance structure pursuant to the provisions of the Listing Rules. The Bank clearly defines the responsibilities of the Shareholders' general meeting, the Board, the Board of Supervisors, and senior management. The Shareholders' general meeting is the highest authority of the Bank, and the Board is responsible to the Shareholders' general meeting. The Board has set up several special committees that operate under the leadership of the Board and offer opinion on the Board's decision-making. The Board of Supervisors supervises the performance of duties by the Board and senior management as well as the Bank's financial activities, risk management, and internal control. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Bank, and reports to the Board and the Board of Supervisors on a regular basis. The President of the Bank, appointed by the Board, is responsible for the overall business operation and management of the Bank.

The Bank has adopted Appendix 14 to the Listing Rules headed Corporate Governance Code (the "Code"). The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable Code provisions as set forth in Appendix 14 to the Listing Rules.

Reference is made to the announcement of the Bank dated June 28, 2022 in relation to, among others, the election of Directors of the third session of the Board at the 2021 annual general meeting of the Bank. Among them, some of the elected Directors (including independent non-executive Directors) will perform their duties upon the approval of their qualifications as Directors by the China banking and insurance regulatory authorities, thus failing to meet the requirements that the Board must include at least three independent non-executive Directors and the audit committee must comprise a minimum of three members under Rule 3.10(1) and Rule 3.21 of the Listing Rules, respectively. As of the Latest Practicable Date, the Directors of the Board comprise four independent non-executive Directors, and the Bank has complied with the requirements under Rule 3.10 (1) of the Listing Rules. Subject to approval of the qualification of Ms. XIONG Jiemin as Director by the China banking and insurance regulatory authorities, the members of the Audit Committee performing their duties will comply with the requirements under Rule 3.21 of the Listing Rules.

The Bank commits itself to maintaining high-standard corporate governance. The Bank will continue to strengthen its corporate governance, to ensure compliance with the Code and live up to the expectations of Shareholders and potential investors.



## CHAPTER VI CORPORATE GOVERNANCE

### 6.2 CONVENING OF GENERAL MEETINGS

During the Reporting Period, the Bank held one annual general meeting, one class meeting of Domestic Shareholders and one class meeting of H Shareholders.

1. On June 28, 2022, the Bank held the 2021 Annual General Meeting to elect Directors of the third session of the Board of Directors and supervisors of the third session of the Board of Supervisors, considered and approved the 2021 Annual Financial Statement, 2022 Financial Budget Plan, 2021 Profit Distribution Plan, 2022 Investment Plan, 2021 Board of Directors' Report, 2021 Board of Supervisors' Report, and debriefed on the Special Report on Related Party Transactions of Jiangxi Bank Co., Ltd. in 2021 and 2021-2025 Strategy Planning.
2. On June 28, 2022, the Bank held the 2022 First Class Meeting of Domestic Shareholders, and considered and approved the proposals on the Amendments to the Articles of Association of the Bank and the Rules of Procedure Regarding General Meetings, the extension of the validity period and authorization period of the issuance of undated capital bonds.
3. On June 28, 2022, the Bank held the 2022 First Class Meeting of H Shareholders, and considered and approved the proposals on the Amendments to the Articles of Association of the Bank and the Rules of Procedure Regarding General Meetings, the extension of the validity period and authorization period of the issuance of undated capital bonds.

### 6.3 MEETINGS CONVENED BY THE BOARD AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of the Bank held 14 meetings and considered and approved 86 proposals. The 8 special committees under the second session of the Board held 33 meetings, including 3 Strategic Committee meetings, 2 Audit Committee meetings, 1 meeting of Information and Technology Management Committee, 1 meeting of Consumer Rights Protection Committee, 7 meetings of Risk Management Committee, 0 meeting of Remuneration and Nomination Committee, 4 meetings of Related Party Transactions Control Committee, and 2 meetings of Compliance Management Committee, with a total of 101 proposals considered and approved, and 7 proposals considered.

During the Reporting Period, as required by its duties and responsibilities, the Independent non-executive Directors of the second session of the Board of Directors attended on the general meeting, participated in the meetings of Board of Directors and its special committees and gave their independent opinions and suggestions about relevant proposals such as related party transactions, as well as attended the special training featuring "Overall Risk Management" held by the Bank and conscientiously performed duties and responsibilities of independent non-executive directors.



### 6.4 MEETINGS CONVENED BY THE BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of Supervisors of the Bank held 5 meetings, and considered 12 proposals. The Supervision Committee of the Board of Supervisors held 3 meetings and considered and discussed 5 items; the Nomination Committee of the Board of Supervisors held 8 meetings and considered and discussed 9 items.

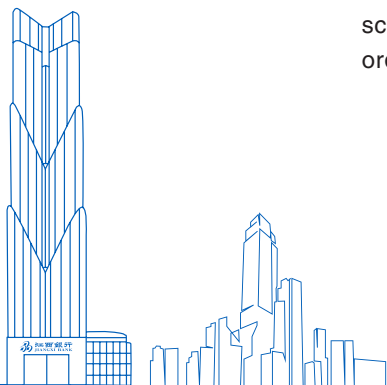
During the Reporting Period, as required by its duties and responsibilities, the external supervisors attended on the general meeting, sat in the board meetings, participated in the meetings of Board of Supervisors and its special committees, involved in the assessment on the performance of duties, participated in the supervision and inspection of the information disclosure management, carried out special surveys for Finance Management Department and audit department, and conscientiously performed supervision duties and responsibilities of external supervisors.

### 6.5 INTERNAL CONTROL AND INTERNAL AUDIT

#### 6.5.1 Internal Control

During the Reporting Period, the Bank continued to improve its internal control management system:

1. The internal control management structure was improved continually. The Bank revised the rules of procedure of the Board of Directors, integrated the institutional setting of Specialized Committee, merged Compliance Management Committee and Consumer Rights Protection Committee into the Compliance Management and Consumer Rights Protection Committee to perfect the top-level compliance architecture.
2. The Bank refined the compliance evaluation system. The Bank optimized the internal control compliance KPI evaluation indicators for the departments of the Head Office and different branches, and refined related contents of “veto by one vote” for case prevention to fully play the guiding role of evaluation.
3. The Bank conducted the whole-process compliance review. The Bank focused on the key regulatory concerns and internal systems requirements, paid close attention to the key businesses and weak links, formulated the 2022 Internal Control and Compliance Inspection Plan under the principles of problem-oriented, comprehensive coverage and scientific management, and supervised the management departments of each line to orderly promote the implementation of the plan.



## CHAPTER VI CORPORATE GOVERNANCE

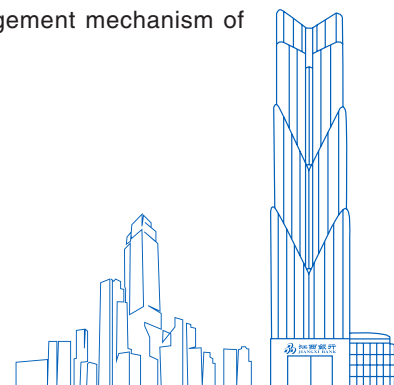
4. The Bank made solid efforts to rectify problems found by regulatory authorities. The bank concentrated on the promotion of the rectification of problems found in the annual supervisory talks and the on-spot inspection in 2021. The Bank broke down the supervision opinions one by one, identified the responsible departments and persons, clarified work measures and completion time frame, continued to guide the whole bank with problem rectification, and continuously refined internal control system, business process, and management mechanism.

During the Reporting Period, no major deficiencies were found in the Bank's internal control.

### 6.5.2 Internal Audit

The Group has established an independent internal audit system and the Board assumes ultimate responsibility for the independence and effectiveness of internal audit. The Board has established an Audit Committee to guide and supervise the internal audit work of the Bank. The Board of Supervisors is responsible for supervising the internal audit work. The audit department reports to the Board, Audit Committee and Board of Supervisors on a regular basis and informs the senior management. The audit department prepares annual audit plan and submits it to the Audit Committee and the Board for approval. In daily audit work, the audit department reviews the Bank's operation, information system, financial reporting and risk management through systematic and standardized internal audit methods, and evaluates the effectiveness of the Bank's internal control and corporate governance. The audit department conducts both on-site and off-site auditing and special targeted audits on various risks faced by the Bank, e.g. credit risk, market risk, operational risk and information technology risk, after which it issues an audit report on the audit results. To urge that the audited department take appropriate corrective actions according to audit suggestions, the audit department keeps track of the results of corrective actions on a regular basis, so as to ensure the rectification effect.

During the Reporting Period, adhering to the audit concept of "keeping a foothold by the spirit of auditing, establishing a career by innovation and standardization, and building up reputation by self-construction", and adhering to the general tone of making progress while maintaining stability, the internal audit department of the Group will accurately master the new requirements for the audit work in the new phrase of development, and seize the opportunity of digital transformation, the internal audit department of the Group continuously explored and innovated audit methods, effectively fulfilled its role of supervision and service, continuously optimized the audit system, refined the process of audit quality control, strictly implemented the problem rectification mechanism, attached importance to the effectiveness of achievement transformation, and effectively improved the internal control and management mechanism of the Bank.





### 7.1 BOND ISSUE AND REPURCHASE

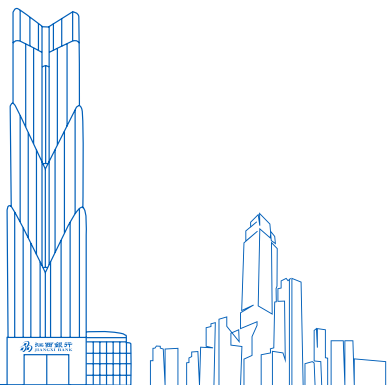
#### 7.1.1 Bonds issued

##### 1 *Bonds issued*

Approved by the PBOC and CBRC Jiangxi Office, in June 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on June 7, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on June 7, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities. The Bank had fully redeemed the bonds on 7 June, 2022.

Approved by the PBOC and CBRC Jiangxi Office, in September 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on September 28, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on September 28, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBOC and CBRC Jiangxi Office, in August 2021, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB4 billion (the coupon rate of the bonds will be adjusted in stages, with a coupon rate adjustment period every 5 years from the issue payment deadline. The first 5 years will be calculated at a fixed interest rate of 4.80% per annum, and the interest payment method is annual payment. The Bonds will continue to be outstanding so long as the Issuer's business continues to operate). The Bonds Issuance sets conditional redemption rights for the Issuer. From the fifth anniversary since the issuance of the bonds, the Bank may redeem the Bonds in whole or in part on each distribution payment date (including August 25, 2026). The proceeds from this capital bond issue have been used to replenish other tier-one capital of the Bank according to applicable laws and approvals of regulatory authorities.



## CHAPTER VII IMPORTANT MATTERS

The detailed information of bonds is as follows:

### *Detailed information of bonds*

Bond name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest Payment method
17 Jiangxi Bank Tier-2 01	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
17 Jiangxi Bank Tier-2 02	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
21 Jiangxi Bank Perpetual Bond 01	Floating rate	RMB4.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	4.80%	Annual payment

### **2** *Issue of interbank deposit receipts*

As of the end of the Reporting Period, the Bank has issued 114 interbank deposit receipts with total balance of RMB57.408 billion.

### **3** *Repurchase*

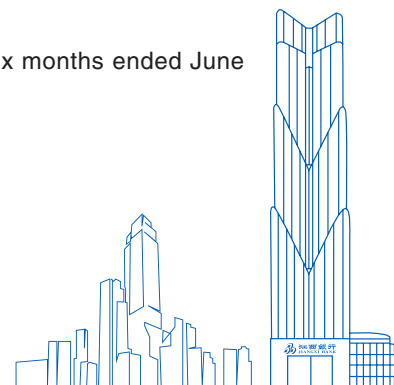
Save as disclosed above, during the Reporting Period, the Bank or any of its subsidiaries did not repurchase any bonds.

## 7.2 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1.3455 billion H Shares in total, and the balance of the net proceeds from the global offering amounted to approximately HK\$8.598 billion. All funds raised by the Bank from the global offering were used in accordance with the purposes disclosed in the Prospectus, i.e., reinforcing the Bank's capital base so as to support the sustained growth of the Group's business.

## 7.3 INTERIM DIVIDENDS

The Board does not recommend the payment of the interim dividends for the six months ended June 30, 2022.



### 7.4 MAJOR LAWSUITS, ARBITRATIONS AND MAJOR CASES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, there were 72 pending litigation and arbitration cases with a principal amount of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal amount of approximately RMB8.646 billion (including the amount written off); There were 6 pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB686 million.

As of the end of the Reporting Period, the Bank expected that the above ongoing litigation or arbitration cases (whether individually or jointly) will not have a material adverse impact on the Bank's operating and financial position.

### 7.5 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the Reporting Period, there were no significant related party transactions of the Bank which adversely affected its operating results and financial position.

### 7.6 PUNISHMENT AGAINST THE BANK AND THE BANK'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Bank, our Directors, Supervisors and senior management have never been subject to any inspection, administrative penalty, circulation of notice of criticism from the China Securities Regulatory Commission, public punishment from the Stock Exchange or any punishment with significant impact on the Bank's operations from other regulatory agencies.

### 7.7 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

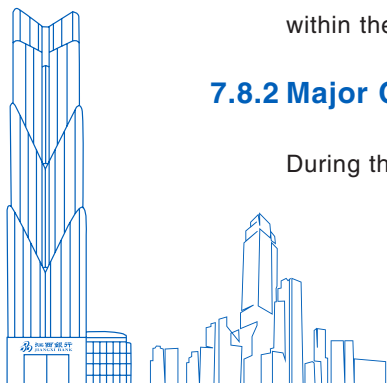
### 7.8 MAJOR GUARANTEES AND COMMITMENTS

#### 7.8.1 Major Guarantees

The guarantee business is a daily business of the Bank. During the Reporting Period, the Bank had no material guarantee issues for disclosure except for the financial guarantee business within the business scope approved by the PBOC and the CBIRC.

#### 7.8.2 Major Commitments

During the Reporting Period, the Bank had no major commitment.



## CHAPTER VII IMPORTANT MATTERS

### 7.9 REVIEW OF THE INTERIM REPORT

The interim financial report disclosed in this interim report has not been audited. BDO LIMITED has, in accordance with the Hong Kong Standards on Review Engagements, reviewed the interim financial report for the six months ended June 30, 2022 prepared by the Group based on the International Accounting Standards issued by the International Accounting Standards Board.

On August 25, 2022, the Audit Committee reviewed and confirmed the Group's interim results announcement for the six months ended June 30, 2022, Interim Report 2022 and the unaudited interim financial report for the six months ended June 30, 2022 prepared in accordance with the International Accounting Standards.

### 7.10 MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

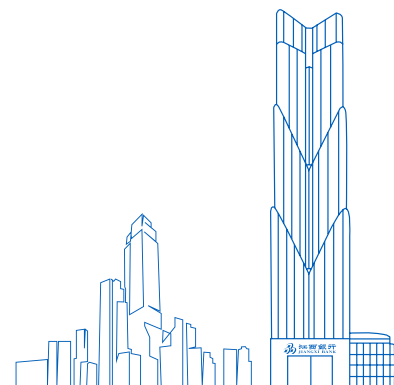
During the Reporting Period, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.

### 7.11 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

At the 2021 annual general meeting held on June 28, 2022, the Bank considered and approved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED respectively as domestic and international auditors of the Bank for 2022 respectively, with a term of office until the conclusion of the 2022 annual general meeting of the Bank.

### 7.12 MAJOR ASSET ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Bank did not have any major asset acquisitions, sales or business mergers.



### 7.13 PROFIT DISTRIBUTION DURING THE REPORTING PERIOD

#### (1) Profit distribution in 2021

Upon consideration and approval at the 2021 annual general meeting held on June 28, 2022, the Bank decided to distribute cash dividends at RMB0.05 per share (including tax) to all Shareholders. The 2021 dividend of the Bank has been distributed on August 26, 2022.

#### (2) Profit distribution in mid-2022

The Bank did not distribute nor plan to distribute any interim dividend for the six months ended June 30, 2022.

### 7.14 SIGNIFICANT INVESTMENTS AND PLANS

During the Reporting Period, the Bank had no significant investments and plans.

### 7.15 LOAN AGREEMENT

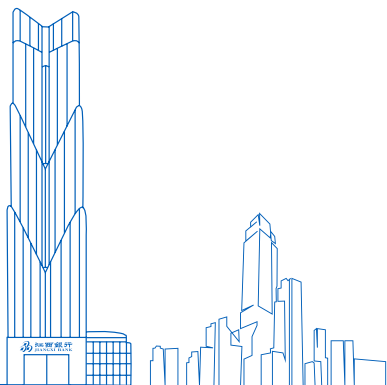
During the Reporting Period, the Bank did not violate any loan agreement.

### 7.16 SHARE OPTION SCHEME

During the Reporting Period, the Bank did not implement any share option scheme.

### 7.17 SUBSEQUENT EVENTS

None



# REVIEW REPORT TO THE BOARD OF DIRECTORS

## Review Report to The Board of Directors of Jiangxi Bank Co., Ltd.

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

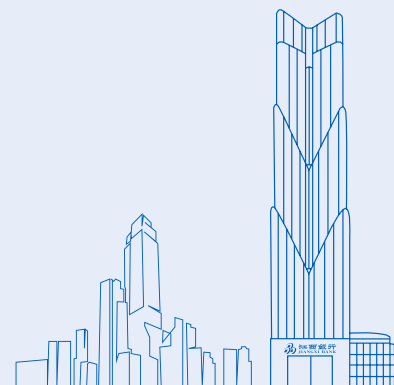
### INTRODUCTION

We have reviewed the interim financial information set out on pages 100 to 222 which comprises the condensed consolidated statement of financial position of Jiangxi Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively the "Group") as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34.

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





## REVIEW REPORT TO THE BOARD OF DIRECTORS

### OTHER MATTER

The interim financial information for the six months ended 30 June 2021 were reviewed by another auditor who expressed an unmodified opinion on 27 August 2021. The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by the same auditor who expressed an unmodified opinion on those statements on 25 March 2022.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34.

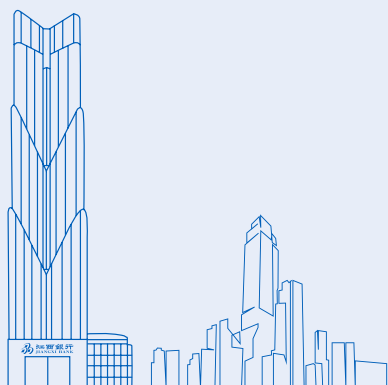
**BDO Limited**

*Certified Public Accountants*

**Chan Wing Fai**

Practising Certificate Number P05443

Hong Kong, 26 August 2022



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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2022	2021
Interest income		10,350,971	9,570,785
Interest expense		(5,729,297)	(5,435,196)
<b>Net interest income</b>	4	<b>4,621,674</b>	4,135,589
Fee and commission income		442,976	462,924
Fee and commission expense		(69,536)	(46,783)
<b>Net fee and commission income</b>	5	<b>373,440</b>	416,141
Net trading gains	6	80,270	100,539
Net gains arising from financial investments	7	1,163,260	688,684
Other operating income	8	79,032	13,108
<b>Operating income</b>		<b>6,317,676</b>	5,354,061
Operating expenses	9	(1,543,248)	(1,508,639)
Impairment losses on assets	10	(3,207,254)	(2,239,730)
<b>Operating profit</b>		<b>1,567,174</b>	1,605,692
Share of profits of associates		2,955	2,998
<b>Profit before taxation</b>		<b>1,570,129</b>	1,608,690
Income tax expense	11	(252,785)	(255,291)
<b>Profit for the period</b>		<b>1,317,344</b>	1,353,399
<b>Attributable to:</b>			
Equity shareholders of the Bank		1,281,526	1,330,320
Non-controlling interests		35,818	23,079

The notes on pages 110 to 222 form part of this interim financial report. Details of dividends payable to equity shareholders of the Bank are set out in Note 34.

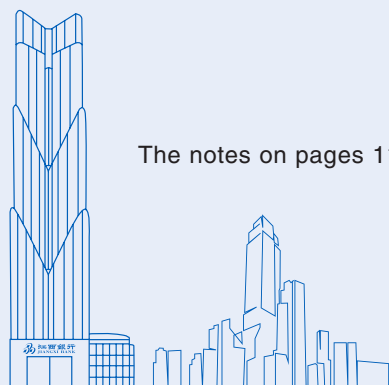


# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		<b>Six months ended 30 June</b>	
	Note	2022	2021
<b>Profit for the period</b>		<b>1,317,344</b>	1,353,399
<b>Basic and diluted earnings per share (in RMB)</b>	12	<b>0.21</b>	0.22
<b>Other comprehensive income for the period, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in the fair value reserve, net of tax		13,880	(170,096)
– Financial assets at fair value through other comprehensive income: net movement in impairment losses, net of tax		561,847	270,632
<b>Other comprehensive income for the period</b>	33(a)	<b>575,727</b>	100,536
<b>Total comprehensive income for the period</b>		<b>1,893,071</b>	1,453,935
<b>Attributable to:</b>			
Equity shareholders of the Bank		1,857,253	1,430,856
Non-controlling interests		35,818	23,079
<b>Total comprehensive income for the period</b>		<b>1,893,071</b>	1,453,935

The notes on pages 110 to 222 form part of this interim financial report.



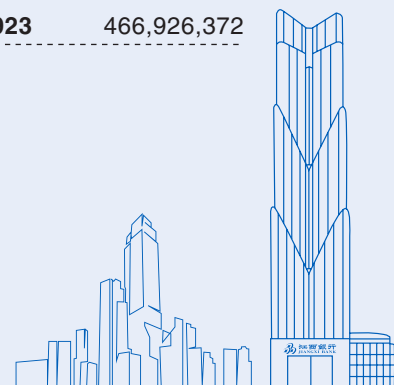
# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2022	31 December 2021
<b>Assets</b>			
Cash and deposits with the central bank	13	32,637,214	46,464,971
Deposits with banks and other financial institutions	14	1,968,493	2,090,061
Placements with banks and other financial institutions	15	4,758,542	3,589,203
Financial assets held under resale agreements	16	4,357,613	2,695,943
Loans and advances to customers	17	291,423,658	270,658,225
Financial investments:	18		
– Financial investments at fair value through profit or loss		43,749,408	39,446,073
– Financial investments at fair value through other comprehensive income		22,872,537	24,940,618
– Financial investments at amortised cost		102,816,702	107,390,589
Interest in associates	19	128,630	125,675
Property and equipment	21	2,246,549	2,352,138
Deferred tax assets	22	5,295,080	4,793,074
Other assets	23	4,001,790	4,013,238
<b>Total assets</b>		<b>516,256,216</b>	<b>508,559,808</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowing from the central bank		18,565,079	19,242,201
Deposits from banks and other financial institutions	24	16,726,954	25,221,005
Placements from banks and other financial institutions	25	3,502,589	6,128,333
Borrowing from other financial institutions	26	6,449,482	8,981,228
Financial assets sold under repurchase agreements	27	9,653,151	16,283,666
Deposits from customers	28	350,593,891	343,726,221
Income tax payable		583,644	745,465
Debt securities issued	29	60,520,014	41,099,181
Other liabilities	30	6,436,119	5,499,072
<b>Total liabilities</b>		<b>473,030,923</b>	<b>466,926,372</b>

The notes on pages 110 to 222 form part of this interim financial report.



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2022	31 December 2021
<b>Equity</b>			
Share capital	31	6,024,277	6,024,277
Other equity instruments			
– Perpetual debt	32	3,999,037	3,999,037
Capital reserve	33	14,091,092	13,515,365
Surplus reserve	33	3,081,890	3,081,890
General reserve	33	6,689,104	6,689,104
Retained earnings	34	8,587,956	7,607,644
<hr/>			
Total equity attributable to equity shareholders of the Bank		42,473,356	40,917,317
Non-controlling interests		751,937	716,119
<hr/>			
<b>Total equity</b>		<b>43,225,293</b>	<b>41,633,436</b>
<hr/>			
<b>Total liabilities and equity</b>		<b>516,256,216</b>	<b>508,559,808</b>

The financial statements have been approved by the Board of Directors of the Bank on 26 August 2022.

\_\_\_\_\_  
**ZENG Hui**  
*Chairman of Board of Directors*

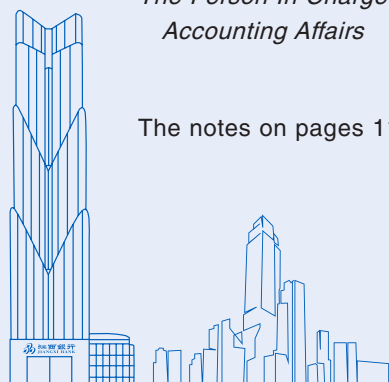
\_\_\_\_\_  
**LUO Xiaolin**  
*President*

\_\_\_\_\_  
**LUO Xiaolin**  
*The Person In Charge of  
Accounting Affairs*

\_\_\_\_\_  
**PENG Long**  
*The Head of the  
Accounting Department*

**Jiangxi Bank Co., Ltd.**  
(Company stamp)

The notes on pages 110 to 222 form part of this interim financial report.



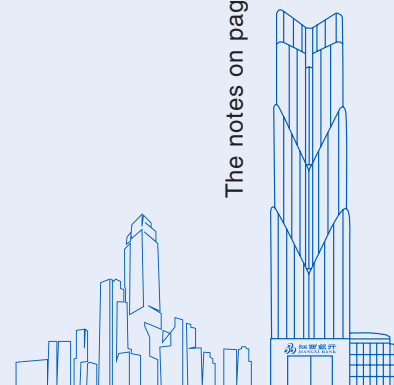
# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Total		
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings		Sub-total	Non-controlling interests
Balance at 1 January 2022		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436
Changes in equity for the six months ended 30 June 2022:										
Profit for the period		-	-	-	-	-	1,281,526	1,281,526	35,818	1,317,344
Other comprehensive income		-	-	575,727	-	-	-	575,727	-	575,727
Total other comprehensive income		-	-	575,727	-	-	1,281,526	1,857,253	35,818	1,893,071
Appropriation of profit	34	-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 30 June 2022 (unaudited)		6,024,277	3,999,037	14,091,092	3,081,890	6,689,104	8,587,956	42,473,356	751,937	43,225,293

The notes on pages 110 to 222 form part of this interim financial report.



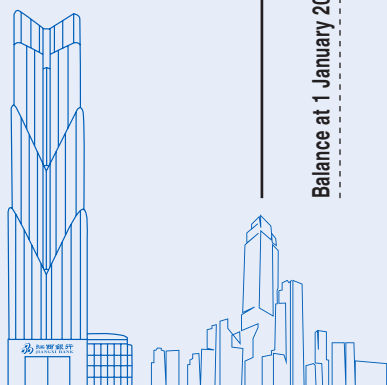


# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		Non-controlling interests
<b>Balance at 1 January 2021</b>		6,024,277	13,633,755	2,887,970	6,100,641	6,620,934	35,267,577	674,871	35,942,448
<b>Changes in equity for the six months ended 30 June 2021:</b>									
Profit for the period		-	-	-	-	1,330,320	1,330,320	23,079	1,353,399
Other comprehensive income		-	100,536	-	-	-	100,536	-	100,536
<b>Total other comprehensive income</b>		-	100,536	-	-	1,330,320	1,430,856	23,079	1,453,935
Appropriation of profit	34	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders		-	-	-	-	(301,214)	(301,214)	-	(301,214)
<b>Balance at 30 June 2021 (unaudited)</b>		6,024,277	13,734,291	2,887,970	6,100,641	7,650,040	36,397,219	697,950	37,095,169

The notes on pages 110 to 222 form part of this interim financial report.



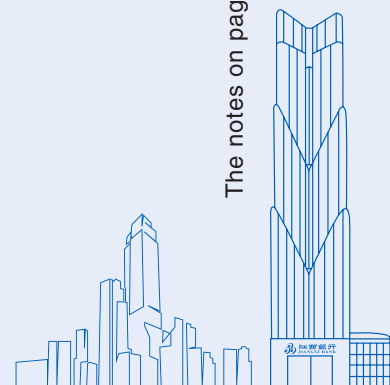
# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Total		
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings		Sub-total	Non-controlling interests
<b>Balance at 1 January 2021</b>		6,024,277	-	13,633,755	2,887,970	6,100,641	6,620,934	35,267,577	674,871	35,942,448
<b>Changes in equity for the year:</b>										
Profit for the year		-	-	-	-	-	2,070,307	2,070,307	41,248	2,111,555
Other comprehensive income	33(a)(i)	-	-	(118,390)	-	-	-	(118,390)	-	(118,390)
Total other comprehensive income		-	-	(118,390)	-	-	2,070,307	1,951,917	41,248	1,993,165
Issuance of perpetual debt	32(a)	-	3,999,037	-	-	-	-	3,999,037	-	3,999,037
Appropriation of profits	34	-	-	-	193,920	-	(193,920)	-	-	-
- Appropriation to surplus reserve		-	-	-	-	588,463	(588,463)	-	-	-
- Appropriation to general reserve		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders		-	-	-	-	-	-	(301,214)	-	(301,214)
<b>Balance at 31 December 2021 (audited)</b>		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436

The notes on pages 110 to 222 form part of this interim financial report.

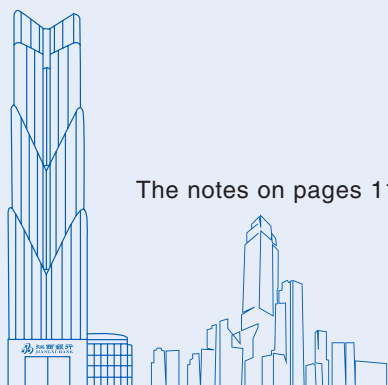


# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2022	2021
<b>Cash flows from operating activities</b>			
Profit before taxation		1,570,129	1,608,690
<i>Adjustments for:</i>			
Impairment losses on assets		3,207,254	2,239,730
Depreciation and amortisation		228,707	265,710
Interest income on financial investments		(2,903,629)	(2,983,000)
Unrealised foreign exchange (gains)/losses		(1,838)	1,266
Net losses/(gains) on changes in fair value		2,680	(15,100)
Net gains arising from financial investments		(1,163,260)	(688,684)
Share of profits of associates		(2,955)	(2,998)
Interest expense on lease liabilities		18,290	25,657
Interest expense on debt securities issued		764,225	677,790
Net (gains)/losses on disposal of non-current assets		(13,089)	3,073
Others		(95,499)	(62,991)
		1,611,015	1,069,143
<i>Changes in operating assets</i>			
Net decrease/(increase) in deposits with the central bank		1,529,162	(1,329,713)
Net (increase)/decrease in deposits with banks and other financial institutions		(93,635)	16,298
Net decrease in placements with banks and other financial institutions		-	131,723
Net increase in loans and advances to customers		(22,805,652)	(31,407,465)
Net increase in financial investments held for trading purpose		(1,521,186)	(1,201,326)
Net decrease/(increase) in other operating assets		259,142	(180,957)
		(22,632,169)	(33,971,440)

The notes on pages 110 to 222 form part of this interim financial report.

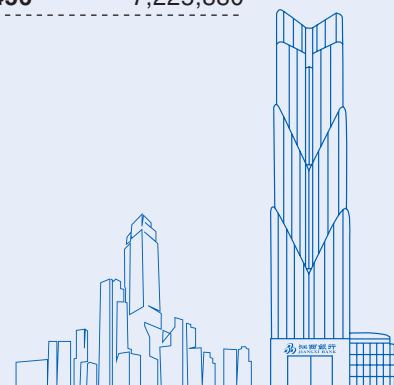


# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2022	2021
<b>Cash flows from operating activities (continued)</b>			
<i>Changes in operating liabilities</i>			
Net decrease in borrowing from the central bank		(721,313)	(5,008,590)
Net (decrease)/increase in deposits from banks and other financial institutions		(8,397,206)	2,043,116
Net (decrease)/increase in placements from banks and other financial institutions		(2,620,000)	1,098,672
Net decrease in borrowing from other financial institutions		(2,482,000)	(668,000)
Net decrease in financial assets sold under repurchase agreements		(6,628,561)	(2,622,200)
Net increase in deposits from customers		6,791,495	18,362,819
Net increase/(decrease) in other operating liabilities		43,882	(848,274)
		(14,013,703)	12,357,543
<b>Net cash flows used in operating activities before tax</b>		(35,034,857)	(20,544,754)
Income tax paid		(921,240)	(527,783)
<b>Net cash flows used in operating activities</b>		(35,956,097)	(21,072,537)
<b>Cash flows from investing activities</b>			
Proceeds from disposal and redemption of investments		28,574,431	24,860,717
Net cash received from investment gains and interest		3,278,800	3,490,975
Proceeds from disposal of non-current assets		2,495	(1,219)
Payments on acquisition of investments		(24,093,647)	(21,039,023)
Payments on acquisition of non-current assets		(46,623)	(85,570)
<b>Net cash flows generated from investing activities</b>		7,715,456	7,225,880

The notes on pages 110 to 222 form part of this interim financial report.

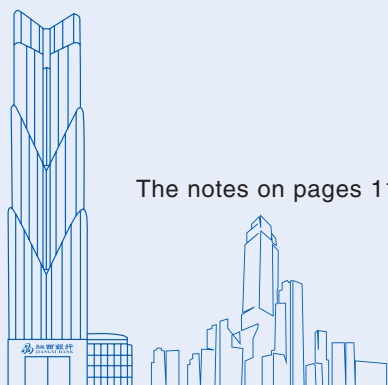


# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2022	2021
<b>Cash flows from financing activities</b>			
Proceeds from debt securities issued	35(c)	<b>50,088,381</b>	27,173,275
Repayments of debt securities issued	35(c)	<b>(31,278,600)</b>	(27,240,000)
Interest paid on debt securities issued	35(c)	<b>(153,173)</b>	(158,341)
Payment of lease liabilities	35(c)	<b>(65,238)</b>	(79,928)
Dividends paid		<b>(1,359)</b>	–
<b>Net cash flows generated from/(used in) financing activities</b>		<b>18,590,011</b>	(304,994)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>37,850</b>	(12,144)
<b>Net decrease in cash and cash equivalents</b>	35(a)	<b>(9,612,780)</b>	(14,163,795)
<b>Cash and cash equivalents as at 1 January</b>		<b>25,271,056</b>	22,780,384
<b>Cash and cash equivalents as at 30 June</b>	35(b)	<b>15,658,276</b>	8,616,589
<b>Net cash flows used in operating activities include:</b>			
Interest received		<b>7,735,396</b>	6,497,113
Interest paid		<b>(4,998,994)</b>	(4,929,927)

The notes on pages 110 to 222 form part of this interim financial report.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

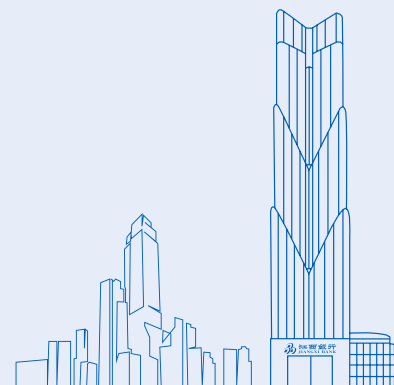
## 1. BACKGROUND INFORMATION

Jiangxi Bank Co., Ltd. (the “Bank”), formerly known as Nanchang Bank Co., Ltd., headquartered in Nanchang, Jiangxi Province. On 31 December 1997, the Bank was established by Nanchang Municipal Bureau of Finance, several business entities and natural persons, on the basis of formerly 40 urban credit cooperatives located in Nanchang City, with the approval of the People’s Bank of China (“PBOC”). On 18 February 1998, the Bank was registered as Nanchang City Commercial Bank Co., Ltd., with the approval of Jiangxi Province Administration of Industry and Commerce.

On 6 August 2008, the Bank changed its name from Nanchang City Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd.. On 3 December 2015, the former China Banking Regulatory Commission (the “former CBRC”) promulgated Yinjianfu 2015 No.658 <Approval of the Acquisition of Jingdezhen City Commercial Bank by Nanchang Bank>. On 7 December 2015, Jiangxi Province State Council promulgated GanFuzi 2015 No. 85 <Notice on the Issuance of Establishment Plan for Jiangxi Bank Co., Ltd.>, Nanchang Bank Co., Ltd. acquired Jingdezhen City Commercial Bank Co., Ltd. by acquiring its entire equity interest and changed its name to Jiangxi Bank Co., Ltd. on 11 December 2015.

The Bank obtained its finance permit No. B0792H236010001 from the former CBRC. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are deposit taking; granting of loans; domestic settlement; foreign exchange business, bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund and other business activities approved by the former CBRC. The Bank is regulated by China Banking Insurance Regulatory Commission (the “CBIRC”) authorised by the State Council.

In June 2018, the Bank’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 1916).





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 (“IAS 34”), *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). These interim condensed consolidated financial statements were authorised for issue on 26 August 2022.

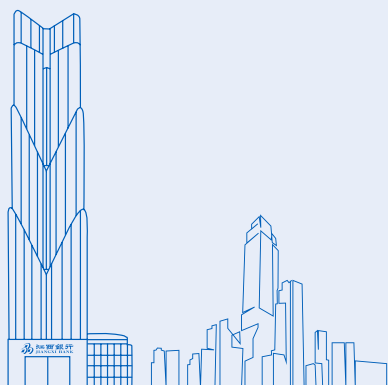
These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual consolidated financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial information contains interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual consolidated financial statements. These interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) and should be read in conjunction with the 2021 annual consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2021 that is included in these interim condensed consolidated financial statements as comparative information does not constitute the Bank’s statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

### **Annual Improvements to IFRS 2018-2020 Cycle**

#### ***Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use***

The amendments prohibits a company from deducting from the cost of property, plant and equipment amount received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

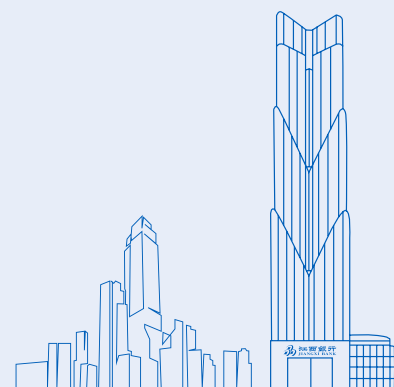
#### ***Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract***

The amendments is to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that related directly to fulfilling contracts.

#### ***Amendments to IFRS 3, References to Conceptual Framework***

The amendments updated the Conceptual Framework and added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitute an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provision, Contingent Liabilities and Contingent Assets. This exception is added to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

The above amendments do not have material effect on the financial position and financial performance of the Bank.

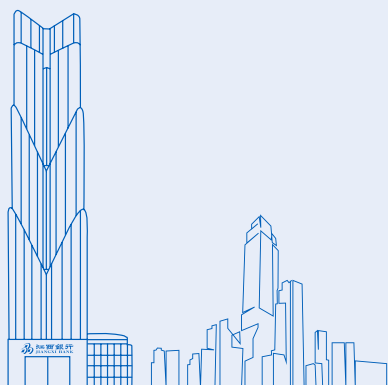


# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 4. NET INTEREST INCOME

	Six months ended 30 June	
	2022	2021
<b>Interest income arising from</b>		
Deposits with the central bank	228,542	269,883
Deposits with banks and other financial institutions	3,143	3,516
Placements with banks and other financial institutions	42,936	43,981
Financial assets held under resale agreements	203,203	179,947
Loans and advances to customers		
– Corporate loans and advances	4,397,610	3,694,761
– Personal loans and advances	2,119,611	2,044,292
– Discounted bills	452,297	351,405
Financial investments	2,903,629	2,983,000
Sub-total	10,350,971	9,570,785
<b>Interest expense arising from</b>		
Borrowing from the central bank	(194,354)	(155,413)
Deposits from banks and other financial institutions	(286,699)	(324,196)
Placements from banks and other financial institutions	(60,425)	(54,851)
Borrowing from other financial institutions	(161,368)	(142,273)
Financial assets sold under repurchase agreements	(231,019)	(209,902)
Deposits from customers	(4,031,207)	(3,870,771)
Debt securities issued	(764,225)	(677,790)
Sub-total	(5,729,297)	(5,435,196)
<b>Net interest income</b>	<b>4,621,674</b>	<b>4,135,589</b>



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 5. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2022	2021
<b>Fee and commission income</b>		
Agency and custody services fees	254,668	250,654
Acceptance and guarantee service fees	93,465	107,133
Bank card service fees	37,632	38,040
Settlement and electronic channel business fees	38,477	35,508
Financial leasing service fees	15,715	29,085
Advisory and consulting fees	464	915
Others	2,555	1,589
Sub-total	442,976	462,924
<b>Fee and commission expense</b>		
Transaction fees	(34,427)	(19,274)
Settlement and clearing fees	(20,746)	(16,600)
Financial leasing service fees	(10,364)	(9,523)
Platform cooperation fees	(3,897)	(1,264)
Others	(102)	(122)
Sub-total	(69,536)	(46,783)
<b>Net fee and commission income</b>	<b>373,440</b>	<b>416,141</b>

### 6. NET TRADING GAINS

	Six months ended 30 June	
	2022	2021
Net gains from debt securities	80,270	100,539

Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of financial assets held for trading.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

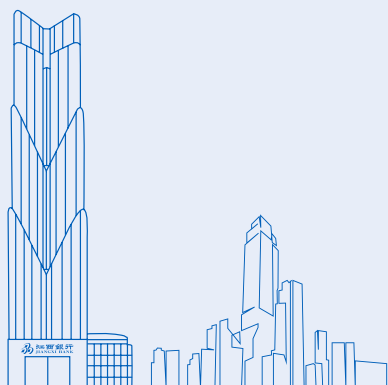
## 7. NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	Six months ended 30 June	
		2022	2021
Net gains on financial investments at fair value through profit or loss	(i)	1,032,044	412,987
Realised gains from investment funds		124,186	270,325
Net gains on financial investments at fair value through other comprehensive income		7,030	4,821
Dividend income		-	551
Net gains on financial investments at amortised cost		-	-
<b>Total</b>		<b>1,163,260</b>	<b>688,684</b>

(i) Net gains on financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.

## 8. OTHER OPERATING INCOME

	Six months ended 30 June	
	2022	2021
Government grants	41,184	33,923
Rental income	2,058	1,065
Net gains/(losses) on disposal of non-current assets	13,089	(3,073)
Foreign exchange gains/(losses)	46,570	(9,264)
Others	(23,869)	(9,543)
<b>Total</b>	<b>79,032</b>	<b>13,108</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

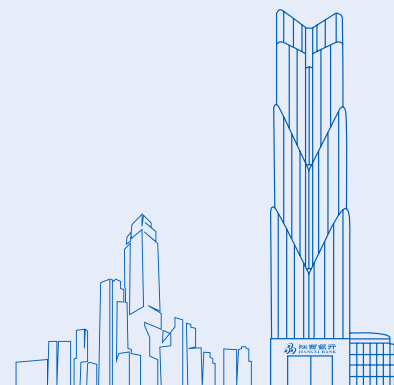
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 9. OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
Staff costs		
– Salaries, bonuses and allowances	589,603	617,949
– Social insurance and supplementary retirement benefits	145,759	129,567
– Housing fund	58,635	55,312
– Staff welfares	40,325	38,382
– Employee education expenses and labour union expenses	26,270	25,530
– Others	27,599	7,390
Sub-total	888,191	874,130
Depreciation and amortisation	228,707	265,710
Tax and surcharges	74,908	58,473
Interest expense on lease liabilities	18,290	25,657
Other general and administrative expenses	333,152	284,669
Total	1,543,248	1,508,639

## 10. IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2022	2021
Loans and advances to customers	2,239,514	1,450,123
Financial investments	732,443	499,467
Others	235,297	290,140
Total	3,207,254	2,239,730





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 11. INCOME TAX EXPENSE

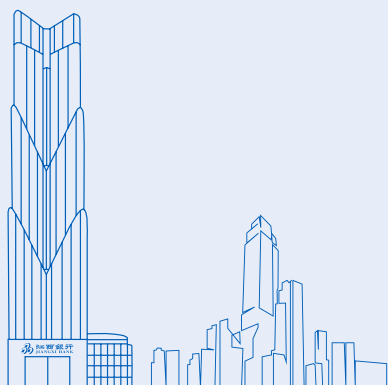
### (a) Income tax expense:

	Note	Six months ended 30 June	
		2022	2021
Current tax		762,408	618,807
Tax filing differences		(2,989)	(20,352)
Changes in deferred tax	22(b)	(506,634)	(343,164)
<b>Total</b>		<b>252,785</b>	<b>255,291</b>

### (b) Reconciliations between income tax expense and accounting profit are as follows:

	Note	Six months ended 30 June	
		2022	2021
Profit before taxation		1,570,129	1,608,690
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		392,532	402,173
Non-taxable income	(i)	(181,264)	(185,627)
Non-deductible expenses		44,506	59,097
Tax filing differences		(2,989)	(20,352)
<b>Income tax expense</b>		<b>252,785</b>	<b>255,291</b>

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realised gains from investment funds.



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

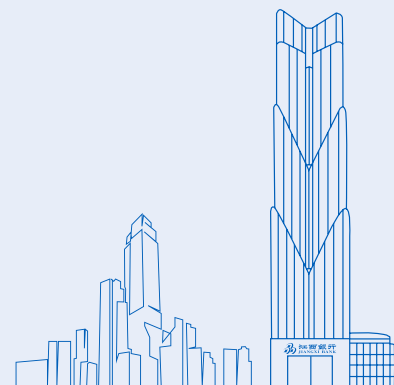
### 12. BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2022	2021
Net profit attributable to equity shareholders of the Bank	1,281,526	1,330,320
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.21	0.22

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

### 13. CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	30 June 2022	31 December 2021
Cash on hand		811,438	806,061
Deposits with the central bank			
– Statutory deposit reserves	(a)	26,417,336	27,833,953
– Surplus deposit reserves	(b)	5,241,553	17,543,492
– Fiscal deposits		155,561	268,322
Sub-total		32,625,888	46,451,828
Accrued interest		11,326	13,143
Total		32,637,214	46,464,971



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 13. CASH AND DEPOSITS WITH THE CENTRAL BANK (Continued)

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Bank's daily business.

The statutory deposit reserve ratios applicable to the Bank were as follows:

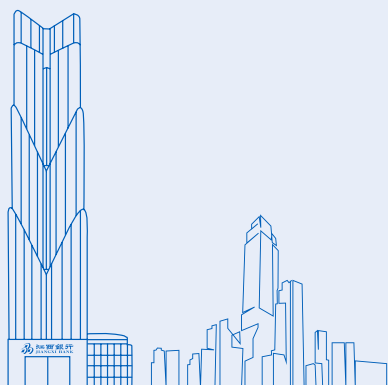
	<b>30 June 2022</b>	31 December 2021
Reserve ratio for RMB deposits	7.75%	8%
Reserve ratio for foreign currency deposits	8%	9%

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

## 14. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

**Analysed by type and location of counterparty**

	<b>30 June 2022</b>	31 December 2021
In mainland China		
– Banks	1,195,981	1,505,308
Outside mainland China		
– Banks	771,965	584,535
Gross balance	1,967,946	2,089,843
Accrued interest	1,475	938
Less: Allowances for impairment losses	(928)	(720)
Net balance	1,968,493	2,090,061



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

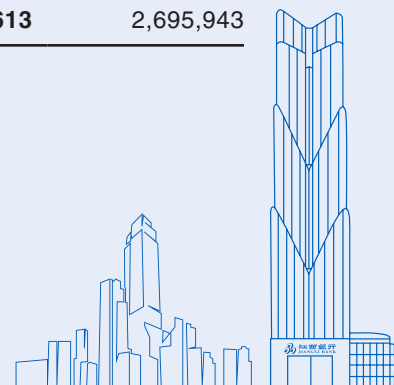
#### Analysed by type and location of counterparty

	30 June 2022	31 December 2021
In mainland China		
– Other financial institutions	4,750,000	3,550,000
Gross balance	4,750,000	3,550,000
Accrued interest	9,423	39,718
Less: Allowances for impairment losses	(881)	(515)
Net balance	4,758,542	3,589,203

### 16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

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

	30 June 2022	31 December 2021
In mainland China		
– Banks	591,700	2,695,660
– Other financial institutions	3,765,639	–
Gross balance	4,357,339	2,695,660
Accrued interest	318	290
Less: Allowances for impairment losses	(44)	(7)
Net balance	4,357,613	2,695,943



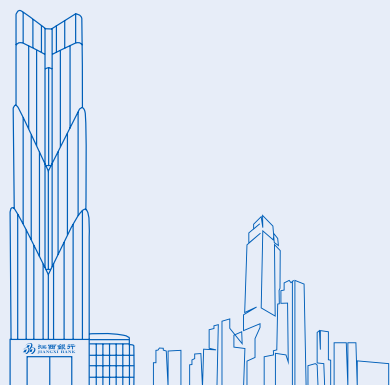
## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (Continued)

#### (b) Analysed by type of collateral

	<b>30 June 2022</b>	31 December 2021
Debt securities		
– Government	738,100	–
– Policy Banks	976,387	2,197,500
– Commercial banks and other financial institutions	2,642,852	498,160
– Corporate	–	–
Gross balance	<b>4,357,339</b>	2,695,660
Accrued interest	318	290
Less: Allowances for impairment losses	<b>(44)</b>	(7)
Net balance	<b>4,357,613</b>	2,695,943



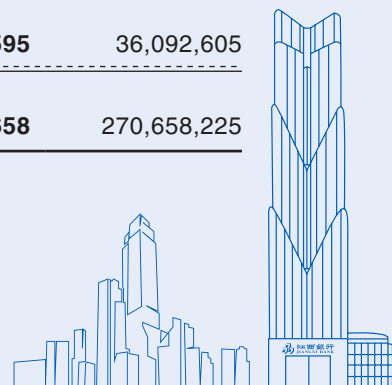
## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 17. LOANS AND ADVANCES TO CUSTOMERS

#### (a) Analysed by nature

	30 June 2022	31 December 2021
<b>Loans and advances to customers measured at amortised cost</b>		
Corporate loans and advances	174,032,226	161,422,739
Personal loans and advances		
– Residential mortgage	61,127,661	63,707,264
– Personal business loans	13,412,266	10,441,273
– Personal consumption loans	2,961,463	2,282,860
– Credit cards	3,599,514	3,767,571
Sub-total	81,100,904	80,198,968
Gross loans and advances to customers measured at amortised cost	255,133,130	241,621,707
Accrued interest	647,978	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(9,352,045)	(7,619,872)
Net loans and advances to customers measured at amortised cost	246,429,063	234,565,620
<b>Loans and advances to customers measured at FVOCI</b>		
Corporate loans and advances – Forfeiting	4,576,727	3,385,471
Discounted bills	40,417,868	32,707,134
Total amount of loans and advances to customers measured at FVOCI	44,994,595	36,092,605
Net loans and advances to customers	291,423,658	270,658,225





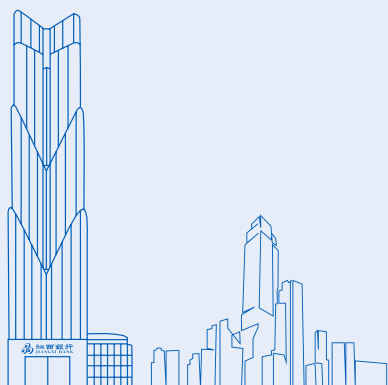
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (b) Analysed by industry sector

	30 June 2022		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	60,802,843	20.26%	10,271,980
Wholesale and retail trade	25,388,805	8.46%	3,892,111
Water conservancy, environment and public facility management	24,459,882	8.15%	1,195,879
Manufacturing	18,307,579	6.10%	2,952,465
Construction	19,294,200	6.43%	1,795,135
Real estate	8,228,703	2.74%	2,351,942
Finance	4,068,539	1.36%	–
Transportation, storage and postal services	4,223,292	1.41%	589,332
Production and distribution of electricity, heating power, gas and water	3,312,137	1.10%	1,889,541
Information transmission, software and information technology services	1,413,432	0.47%	674,300
Others	9,109,541	3.03%	752,179
<b>Sub-total of corporate loans and advances</b>	<b>178,608,953</b>	<b>59.51%</b>	<b>26,364,864</b>
Personal loans and advances	81,100,904	27.02%	66,262,347
Discounted bills	40,417,868	13.47%	–
<b>Gross loans and advances to customers</b>	<b>300,127,725</b>	<b>100.00%</b>	<b>92,627,211</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

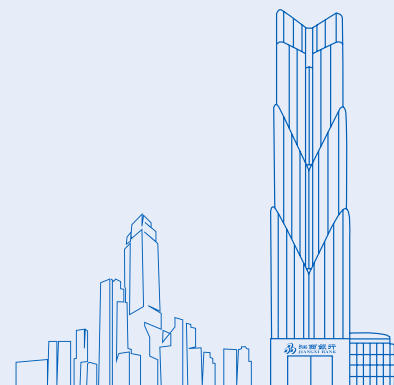
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (b) Analysed by industry sector (Continued)

	31 December 2021		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	52,369,358	18.86%	11,396,840
Wholesale and retail trade	29,519,272	10.63%	4,113,290
Water conservancy, environment and public facility management	21,595,950	7.78%	1,971,040
Manufacturing	17,140,904	6.17%	3,145,316
Construction	13,901,676	5.01%	1,874,867
Real estate	7,725,054	2.78%	2,218,609
Finance	4,696,015	1.69%	—
Transportation, storage and postal services	4,392,879	1.58%	1,030,968
Production and distribution of electricity, heating power, gas and water	2,959,923	1.07%	1,909,343
Information transmission, software and information technology services	2,405,558	0.87%	678,300
Others	8,101,621	2.90%	706,028
Sub-total of corporate loans and advances	164,808,210	59.34%	29,044,601
Personal loans and advances	80,198,968	28.88%	66,613,598
Discounted bills	32,707,134	11.78%	—
Gross loans and advances to customers	277,714,312	100.00%	95,658,199



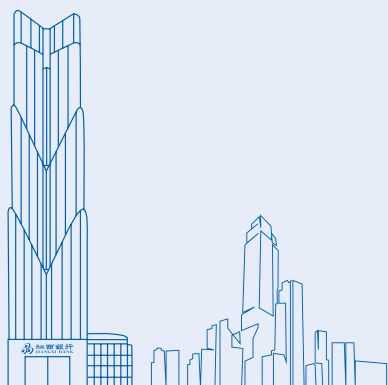
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (c) Analysed by geographical area

	30 June 2022	
	Amount	Percentage
Within Jiangxi Province (apart from Nanchang area)	124,793,570	41.58%
Nanchang area	116,754,745	38.90%
Head office	36,110,325	12.03%
Outside Jiangxi Province	22,469,085	7.49%
<b>Gross loans and advances to customers</b>	<b>300,127,725</b>	<b>100.00%</b>
	31 December 2021	
	Amount	Percentage
Within Jiangxi Province (apart from Nanchang area)	113,980,863	41.04%
Nanchang area	106,537,521	38.37%
Head office	35,692,515	12.85%
Outside Jiangxi Province	21,503,413	7.74%
<b>Gross loans and advances to customers</b>	<b>277,714,312</b>	<b>100.00%</b>



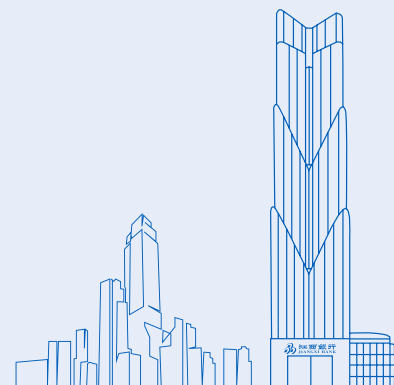
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (d) Analysed by type of collateral

	30 June 2022	31 December 2021
Unsecured loans	31,862,070	31,278,465
Guaranteed loans	167,572,278	142,517,906
Collateralised loans	92,662,459	95,658,199
Pledged loans	8,030,918	8,259,742
Gross loans and advances to customers	<b>300,127,725</b>	277,714,312
Accrued interest	647,978	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	<b>(9,352,045)</b>	(7,619,872)
Net loans and advances to customers	<b>291,423,658</b>	270,658,225



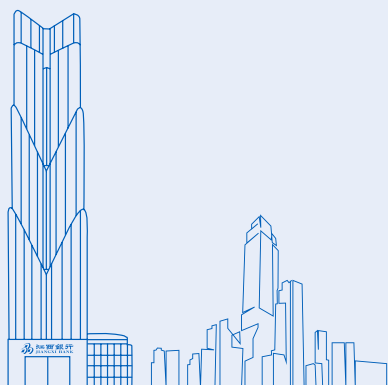
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (e) Overdue loans analysed by overdue period

	30 June 2022				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	135,446	312,170	76,887	44,960	569,463
Guaranteed loans	2,542,713	911,938	1,184,797	298,856	4,938,304
Collateralised loans	1,358,130	1,618,754	319,243	176,279	3,472,406
Pledged loans	4,800	–	108	43	4,951
<b>Total</b>	<b>4,041,089</b>	<b>2,842,862</b>	<b>1,581,035</b>	<b>520,138</b>	<b>8,985,124</b>
As a percentage of gross loans and advances to customers	1.35%	0.95%	0.53%	0.17%	3.00%



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

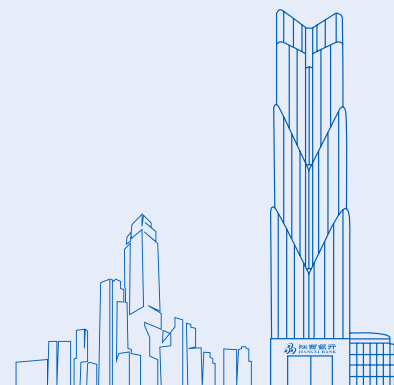
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

#### (e) Overdue loans analysed by overdue period (Continued)

	31 December 2021				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	78,105	147,882	253,720	6,961	486,668
Guaranteed loans	2,167,009	497,228	971,670	87,586	3,723,493
Collateralised loans	603,015	680,420	189,841	159,086	1,632,362
Pledged loans	–	–	329	43	372
<b>Total</b>	<b>2,848,129</b>	<b>1,325,530</b>	<b>1,415,560</b>	<b>253,676</b>	<b>5,842,895</b>
As a percentage of gross loans and advances to customers	1.02%	0.48%	0.51%	0.09%	2.10%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

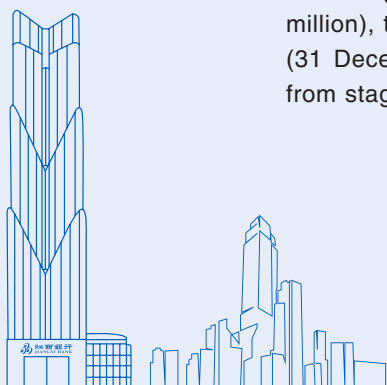
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (f) Loans and advances and allowances for impairment losses

	30 June 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortised cost	231,024,166	16,141,942	7,967,022	255,133,130
Accrued interest	548,940	15,063	83,975	647,978
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,460,558)	(2,438,039)	(4,453,448)	(9,352,045)
Carrying amount of loans and advances to customers measured at amortised cost	229,112,548	13,718,966	3,597,549	246,429,063
Carrying amount of loans and advances to customers measured at FVOCI	44,994,595	-	-	44,994,595
Total carrying amount of loans and advances to customers	274,107,143	13,718,966	3,597,549	291,423,658

As at 30 June 2022, the Group adjusted the stages of the loans and advances to customers. The loans and advances to customers transferred from stage 1 to stage 2 and stage 3 amounted to RMB3,544.66 million (31 December 2021: RMB9,117.46 million), the corresponding allowance for impairment losses increased by RMB611.37 million (31 December 2021: RMB1,612.43 million). The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB484.31 million (31 December 2021: RMB505.56 million), the corresponding allowance for impairment losses increased by RMB175.52 million (31 December 2021: RMB250.66 million). The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB338.75 million (31 December 2021: RMB43.75 million), the corresponding allowance for impairment losses decreased by RMB127.38 million (31 December 2021: RMB17.26 million). The loans and advances to customers transferred from stage 3 to stage 2 were not significant (31 December 2021: not significant).



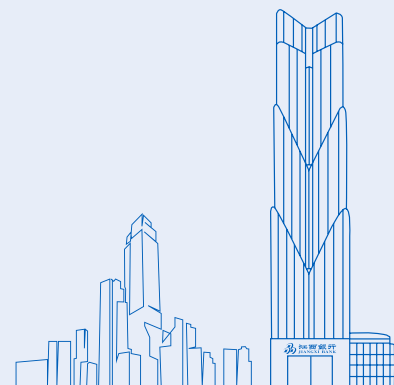
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (f) Loans and advances and allowances for impairment losses (Continued)

	31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Total loans and advances to customers measured at amortised cost	220,226,718	14,790,251	6,604,738	241,621,707
Accrued interest	538,183	23,543	2,059	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,196,886)	(1,595,654)	(3,827,332)	(7,619,872)
Carrying amount of loans and advances to customers measured at amortised cost	218,568,015	13,218,140	2,779,465	234,565,620
Carrying amount of loans and advances to customers measured at FVOCI	36,092,605	–	–	36,092,605
Total carrying amount of loans and advances to customers	254,660,620	13,218,140	2,779,465	270,658,225



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

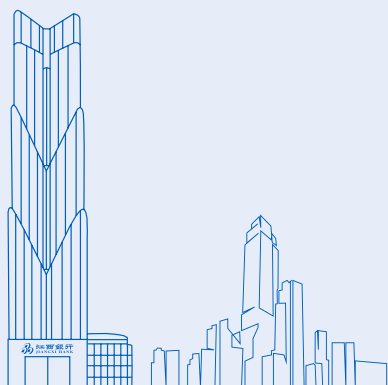
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (g) Movements of allowances for impairment losses

- (i) Movements of allowances for impairment losses on loans and advances to customers measured at amortised cost:

	Six months ended 30 June 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	2,196,886	1,595,654	3,827,332	7,619,872
Transferred:				
– to 12-month ECL	133,563	(133,563)	–	–
– to lifetime ECL not credit-impaired	(35,353)	37,212	(1,859)	–
– to lifetime ECL credit-impaired	(3,691)	(47,034)	50,725	–
Charged/(released) for the period	169,416	986,074	1,064,421	2,219,911
Transferred out	–	–	–	–
Recoveries	–	–	115,915	115,915
Write-offs	–	–	(500,552)	(500,552)
Others	–	–	(103,101)	(103,101)
As at 30 June	2,460,821	2,438,343	4,452,881	9,352,045



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

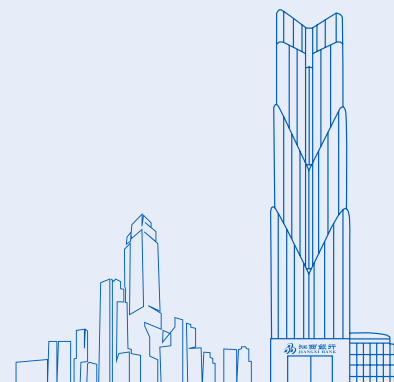
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (g) Movements of allowances for impairment losses (Continued)

- (i) Movements of allowances for impairment losses on loans and advances to customers measured at amortised cost: (Continued)

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	1,455,456	1,986,341	3,130,993	6,572,790
Transferred:				
– to 12-month ECL	56,193	(40,640)	(15,553)	–
– to lifetime ECL not credit-impaired	(91,952)	93,041	(1,089)	–
– to lifetime ECL credit-impaired	(50,666)	(116,843)	167,509	–
Charged/(released) for the year	827,855	(326,245)	2,218,949	2,720,559
Transferred out	–	–	(342,035)	(342,035)
Recoveries	–	–	332,719	332,719
Write-offs	–	–	(1,569,964)	(1,569,964)
Others	–	–	(94,197)	(94,197)
As at 31 December	2,196,886	1,595,654	3,827,332	7,619,872



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

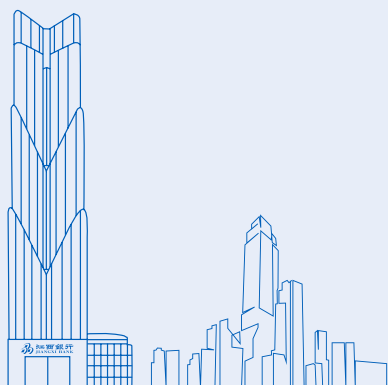
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (g) Movements of allowances for impairment losses (Continued)

- (ii) Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:

	Six months ended 30 June 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	49,427	–	–	49,427
Charged for the period	19,603	–	–	19,603
As at 30 June	69,030	–	–	69,030
	Year ended 31 December 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	65,864	–	–	65,864
Released for the year	(16,437)	–	–	(16,437)
As at 31 December	49,427	–	–	49,427



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

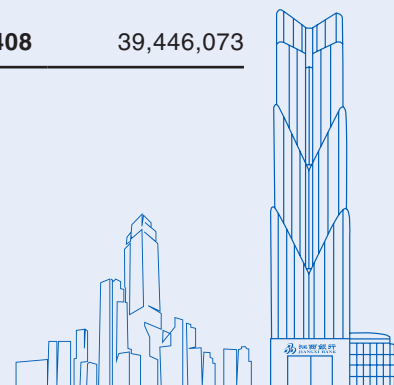
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 18. FINANCIAL INVESTMENTS

	Note	30 June 2022	31 December 2021
Financial investments at fair value through profit or loss	(a)	<b>43,749,408</b>	39,446,073
Financial investments at fair value through other comprehensive income	(b)	<b>22,872,537</b>	24,940,618
Financial investments at amortised cost	(c)	<b>102,816,702</b>	107,390,589
<b>Total</b>		<b>169,438,647</b>	171,777,280

### (a) Financial investments at fair value through profit or loss

	Note	30 June 2022	31 December 2021
Debt securities issued by the following institutions in mainland China	(i)		
– Government		<b>3,805,557</b>	3,189,099
– Policy banks		<b>4,612,291</b>	3,517,978
– Commercial banks and other financial institutions		<b>736,645</b>	564,290
– Corporate		<b>5,743,360</b>	7,574,561
<b>Sub-total</b>		<b>14,897,853</b>	14,845,928
Equity instruments	(ii)	<b>117,482</b>	110,925
Fund investments	(iii)	<b>25,165,855</b>	20,766,123
Other financial investments	(iv)	<b>3,568,218</b>	3,723,097
<b>Total</b>		<b>43,749,408</b>	39,446,073
Listed		<b>154,784</b>	101,941
Unlisted		<b>43,594,624</b>	39,344,132
<b>Total</b>		<b>43,749,408</b>	39,446,073





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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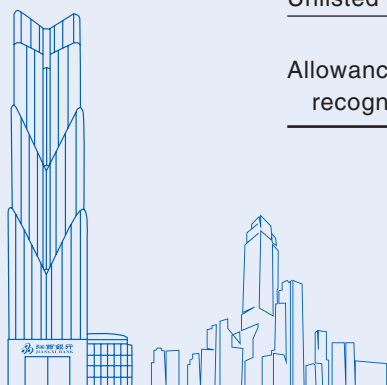
## 18. FINANCIAL INVESTMENTS (Continued)

### (a) Financial investments at fair value through profit or loss (Continued)

- (i) Certain debt securities were pledged for repurchase agreements (Note 39 (e)). No other investment was subject to material restrictions in the realisation.
- (ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.
- (iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.
- (iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions and investment management products managed by securities companies and trust plans.

### (b) Financial investments at fair value through other comprehensive income

	Note	30 June 2022	31 December 2021
Debt securities issued by the following institutions in mainland China	(i)		
– Government		3,102,994	2,695,331
– Policy banks		11,217,015	12,666,648
– Corporate		2,267,999	2,507,551
Sub-total		<b>16,588,008</b>	17,869,530
Investment management products managed by securities companies and trust plans		5,982,575	6,627,130
Equity instruments	(ii)	10,250	10,250
Accrued interest		291,704	433,708
Total		<b>22,872,537</b>	24,940,618
Unlisted		<b>22,872,537</b>	24,940,618
Allowances for impairment losses recognised in OCI	(iii)	<b>(1,739,490)</b>	(1,197,245)



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

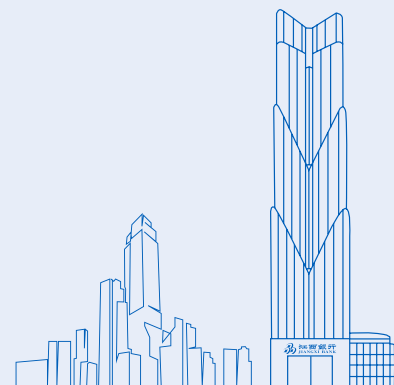
## 18. FINANCIAL INVESTMENTS (Continued)

### (b) Financial investments at fair value through other comprehensive income (Continued)

- (i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment was subject to material restrictions in the realisation.
- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

	30 June 2022	Dividend income recognised for the period ended 30 June 2022	31 December 2021	Dividend income recognised for the year ended 31 December 2021
Clearing Centre for City Commercial				
Banks	250	–	250	–
China UnionPay	10,000	–	10,000	2,600
<b>Total</b>	<b>10,250</b>	<b>–</b>	<b>10,250</b>	<b>2,600</b>
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments during the six months ended 30 June 2022.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 18. FINANCIAL INVESTMENTS (Continued)

### (b) Financial investments at fair value through other comprehensive income (Continued)

(iii) Movements of allowances for impairment of financial investments at fair value through other comprehensive income:

	Six months ended 30 June 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	91,888	101,718	1,003,639	1,197,245
Transferred:				
– to 12-month ECL	(127)	–	127	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	–	–	–
(Released)/charged for the period	(20,689)	(203)	563,137	542,245
<b>As at 30 June</b>	<b>71,072</b>	<b>101,515</b>	<b>1,566,903</b>	<b>1,739,490</b>
	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	144,562	201,384	151,855	497,801
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(13,383)	13,383	–	–
– to lifetime ECL credit-impaired	–	(201,384)	201,384	–
(Released)/charged for the year	(39,291)	88,335	650,400	699,444
<b>As at 31 December</b>	<b>91,888</b>	<b>101,718</b>	<b>1,003,639</b>	<b>1,197,245</b>



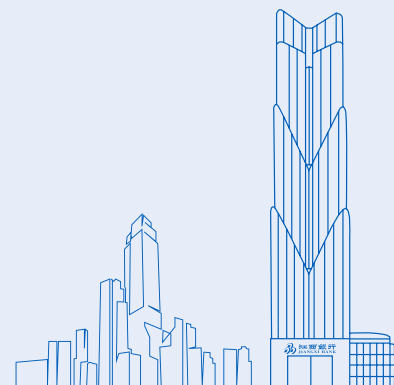
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 18. FINANCIAL INVESTMENTS (Continued)

### (c) Financial investments at amortised cost

	Note	30 June 2022	31 December 2021
Debt securities issued by the following institutions in mainland China	(i)		
– Government		32,820,973	31,410,161
– Policy banks		19,721,593	21,285,429
– Corporate		7,052,970	6,722,144
Sub-total		59,595,536	59,417,734
Investment management products managed by securities companies and trust plans		46,807,447	51,760,816
Accrued interest		1,619,041	1,336,390
Less: Allowances for impairment losses	(ii)	(5,205,322)	(5,124,351)
Net carrying amount		102,816,702	107,390,589
Unlisted		102,816,702	107,390,589



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

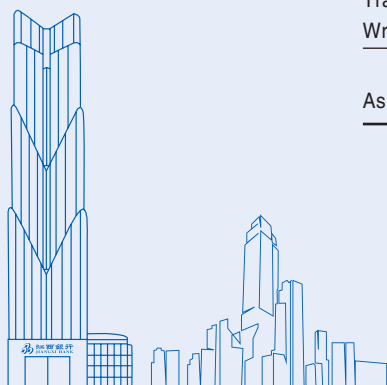
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 18. FINANCIAL INVESTMENTS (Continued)

### (c) Financial investments at amortised cost (Continued)

- (i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment was subject to material restrictions in the realisation.
- (ii) Movements of allowances for impairment of financial investments at amortised cost:

	Six months ended 30 June 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	574,963	18,429	4,530,959	5,124,351
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(114)	173,320	(173,206)	–
– to lifetime ECL credit-impaired	–	–	–	–
(Released)/charged for the period	(179,318)	93,802	275,714	190,198
Transferred out	–	–	–	–
Write-off	–	–	(109,227)	(109,227)
<b>As at 30 June</b>	<b>395,531</b>	<b>285,551</b>	<b>4,524,240</b>	<b>5,205,322</b>
	Year ended 31 December 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	843,583	313,043	3,732,214	4,888,840
Transferred:				
– to 12-month ECL	71,880	(36,816)	(35,064)	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(117,988)	(247,327)	365,315	–
(Released)/charged for the year	(222,512)	(10,471)	1,606,403	1,373,420
Transfer out	–	–	(30,035)	(30,035)
Write-off	–	–	(1,107,874)	(1,107,874)
<b>As at 31 December</b>	<b>574,963</b>	<b>18,429</b>	<b>4,530,959</b>	<b>5,124,351</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

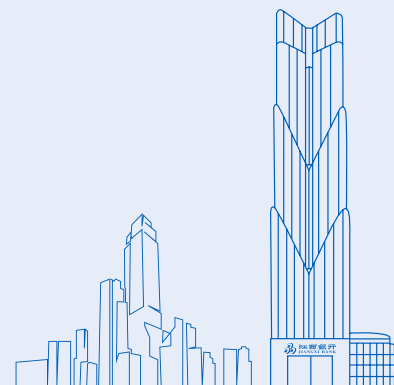
## 19. INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted rural banks whose quoted market price are not available:

	Note	30 June 2022	31 December 2021
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		65,399	63,399
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		27,803	27,963
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		22,607	21,354
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		12,821	12,959
Total	(a)/(b)	128,630	125,675

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	30 June 2022	31 December 2021
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	128,630	125,675
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	2,955	6,034
– Other comprehensive income	–	–
– Total comprehensive income	2,955	6,034



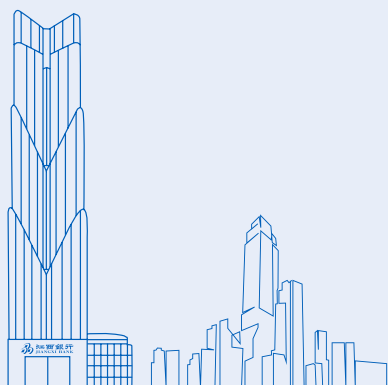


# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 19. INTEREST IN ASSOCIATES (Continued)

- (b) Detailed information of the Group's associates that are not individually material is as follows:
- (i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As at 30 June 2022, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2021: 28.18%).
  - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB55.11 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. As at 30 June 2022, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2021: 40.00%).
  - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As at 30 June 2022, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2021: 20.00%).
  - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As at 30 June 2022, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2021: 30.00%).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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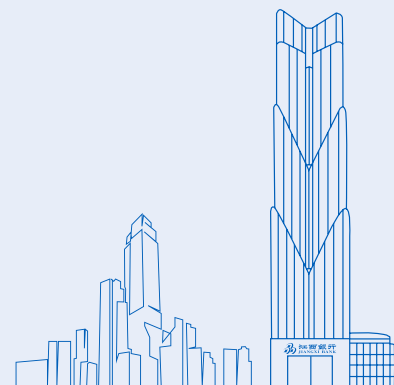
## 20. INVESTMENTS IN SUBSIDIARIES

	30 June 2022	31 December 2021
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	59,916	59,916
<b>Total</b>	<b>1,793,916</b>	<b>1,793,916</b>

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, China. As at 30 June 2022, the registered capital of JXFL was RMB2.02 billion (31 December 2021: RMB2.02 billion). The principal activities of JXFL are financial leasing services in China, and it is a corporate legal entity. As at 30 June 2022, the Bank holds 75.74% of equity interest of JXFL (31 December 2021: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, China, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services in China, and it is a corporate legal entity.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of CBIRC Jiangxi Office. Upon the completion of the capital injection, the Bank held 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As at 30 June 2022, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2021: 69.50%).

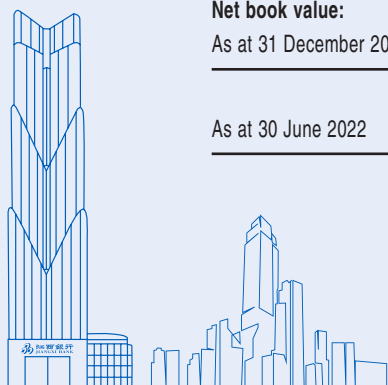


# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 21. PROPERTY AND EQUIPMENT

	Premises	Construction in progress	Electronic equipments	Fixtures	Others	Total
<b>Cost:</b>						
As at 1 January 2021	2,871,248	28,021	775,822	278,765	365,130	4,318,986
Additions	33,243	51,211	70,397	5,133	11,111	171,095
Transfers (out of)/from construction in progress	–	(33,758)	9,122	9,750	–	(14,886)
Disposals	(438)	–	(32,704)	(1,126)	(21,782)	(56,050)
As at 31 December 2021	2,904,053	45,474	822,637	292,522	354,459	4,419,145
As at 1 January 2022	2,904,053	45,474	822,637	292,522	354,459	4,419,145
Additions	227	11,556	12,574	2,898	7,863	35,118
Transfers out of construction in progress	–	(8,925)	–	–	–	(8,925)
Disposals	(485)	–	(6,964)	(1,298)	(4,417)	(13,164)
As at 30 June 2022	2,903,795	48,105	828,247	294,122	357,905	4,432,174
<b>Accumulated depreciation:</b>						
As at 1 January 2021	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
Charged for the year	(133,234)	–	(43,929)	(34,560)	(44,173)	(255,896)
Disposals	438	–	30,479	277	20,506	51,700
As at 31 December 2021	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
As at 1 January 2022	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
Charged for the period	(67,157)	–	(22,456)	(18,402)	(20,217)	(128,232)
Disposals	348	–	6,432	1,019	1,815	9,614
As at 30 June 2022	(1,003,484)	–	(701,824)	(222,961)	(257,356)	(2,185,625)
<b>Net book value:</b>						
As at 31 December 2021	1,967,378	45,474	136,837	86,944	115,505	2,352,138
As at 30 June 2022	1,900,311	48,105	126,423	71,161	100,549	2,246,549



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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### 21. PROPERTY AND EQUIPMENT (Continued)

At 30 June 2022, the net book values of premises of which title deeds were not yet finalised were RMB8.88 million (31 December 2021: RMB8.88 million). The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

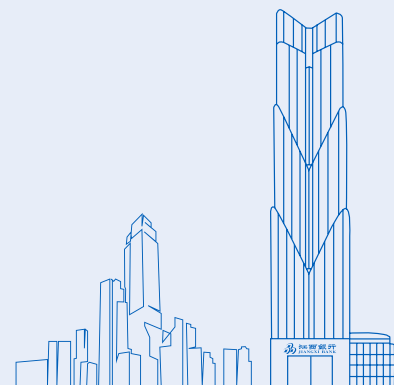
The net book values of premises at the end of the reporting period are analysed by the remaining terms of the leases as follows:

	30 June 2022	31 December 2021
Held in mainland China		
– Medium-term leases (10 – 50 years)	1,900,311	1,967,378

### 22. DEFERRED TAX ASSETS AND LIABILITIES

#### (a) Analysed by nature

	30 June 2022		31 December 2021	
	Deductible Temporary differences	Deferred income tax assets	Deductible Temporary differences	Deferred income tax assets
Allowance for impairment losses	17,950,665	4,487,666	15,215,996	3,803,999
Fair value changes in financial instruments	1,916,472	479,118	2,731,282	682,821
Accrued staff cost	506,542	126,635	494,506	123,627
Deferred income	606,808	151,702	545,866	136,467
Others	199,836	49,959	184,641	46,160
Net balances	21,180,323	5,295,080	19,172,291	4,793,074



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

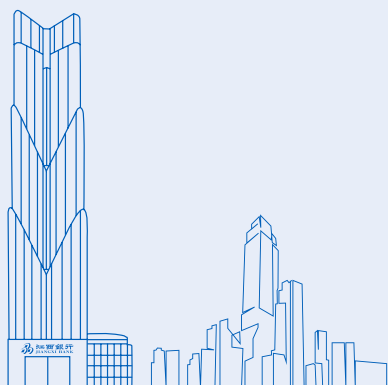
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 22. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

#### (b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff cost	Fair value changes of financial instruments (Note (i))	Deferred income	Others	Net balance of deferred tax assets
At 1 January 2021	3,204,013	137,574	123,287	110,987	32,268	3,608,129
Recognised in profit or loss	599,986	(13,947)	292,402	25,480	13,892	917,813
Recognised in other comprehensive income	-	-	267,132	-	-	267,132
At 31 December 2021	3,803,999	123,627	682,821	136,467	46,160	4,793,074
At 1 January 2022	<b>3,803,999</b>	<b>123,627</b>	<b>682,821</b>	<b>136,467</b>	<b>46,160</b>	<b>4,793,074</b>
Recognised in profit or loss	<b>683,667</b>	<b>3,008</b>	<b>(199,075)</b>	<b>15,235</b>	<b>3,799</b>	<b>506,634</b>
Recognised in other comprehensive income	-	-	<b>(4,628)</b>	-	-	<b>(4,628)</b>
At 30 June 2022	<b>4,487,666</b>	<b>126,635</b>	<b>479,118</b>	<b>151,702</b>	<b>49,959</b>	<b>5,295,080</b>

- (i) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.

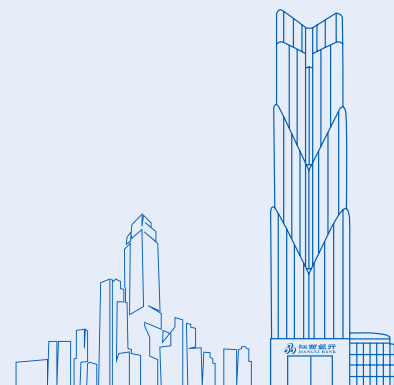


## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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### 23. OTHER ASSETS

	Note	30 June 2022	31 December 2021
Right-of-use assets	(a)	865,219	1,097,549
Interests receivable	(b)	1,024,325	820,522
Receivables from disposal of financial assets		634,772	629,673
Prepayments for acquisition of property and equipment		634,645	755,596
Land use rights	(c)	199,121	203,593
Repossessed assets	(d)	145,973	149,949
Intangible assets	(e)	142,099	142,251
Long-term deferred expenses		80,687	89,485
Deferred expenses		56,719	78,740
Settlement and clearing accounts		24,684	19,476
Investment property		12,166	12,347
Goodwill		7,126	7,126
Others		277,295	86,210
Gross balance		4,104,831	4,092,517
Less: Allowances for impairment losses		(103,041)	(79,279)
Net balance		4,001,790	4,013,238





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 23. OTHER ASSETS (Continued)

### (a) Right-of-use assets

**Cost:**

As at 1 January 2021	1,401,968
Additions	155,258
Disposals	(24,788)
<hr/>	

As at 31 December 2021	1,532,438
Additions	60,387
Disposals	(379,678)
<hr/>	

As at 30 June 2022	<b>1,213,147</b>
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**Accumulated depreciation:**

As at 1 January 2021	(278,601)
Charged for the year	(173,960)
Disposals	17,672
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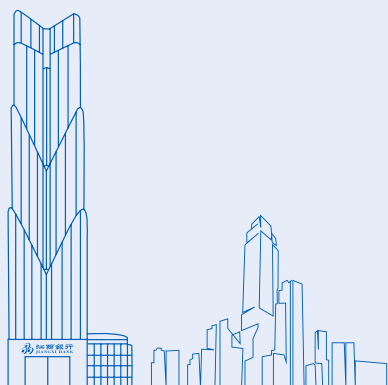
As at 31 December 2021	(434,889)
Charged for the period	(58,070)
Disposals	145,031
<hr/>	

As at 30 June 2022	<b>(347,928)</b>
<hr style="border-top: 1px dashed black;"/>	

**Net book value:**

As at 31 December 2021	1,097,549
<hr/>	

As at 30 June 2022	<b>865,219</b>
<hr/>	



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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### 23. OTHER ASSETS (Continued)

#### (b) Interests receivable

	30 June 2022	31 December 2021
Interests receivable arising from:		
Financial investments	990,876	793,859
Loans and advances to customers	33,449	26,663
<b>Total</b>	<b>1,024,325</b>	<b>820,522</b>

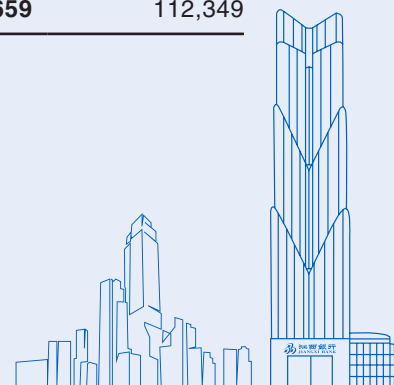
As at 30 June 2022, interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

#### (c) Land use rights

	30 June 2022	31 December 2021
Located in Mainland China		
Over 50 years	22,771	22,959
10 – 50 years	176,350	180,634
<b>Total</b>	<b>199,121</b>	<b>203,593</b>

#### (d) Repossessed assets

	30 June 2022	31 December 2021
Land use rights and buildings	145,973	149,949
Less: Impairment allowances	(36,314)	(37,600)
<b>Net repossessed assets</b>	<b>109,659</b>	<b>112,349</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 23. OTHER ASSETS (Continued)

### (e) Intangible assets

<b>Cost:</b>	
As at 1 January 2021	231,283
Additions	16,652
Disposals	(280)
<hr/>	
As at 31 December 2021	247,655
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As at 1 January 2022	<b>247,655</b>
Additions	<b>11,314</b>
Disposals	<b>(264)</b>
<hr/>	
As at 30 June 2022	<b>258,705</b>
<hr style="border-top: 1px dashed black;"/>	
<b>Accumulated depreciation:</b>	
As at 1 January 2021	(85,597)
Charged for the year	(20,087)
Disposals	280
<hr/>	
As at 31 December 2021	(105,404)
<hr style="border-top: 1px dashed black;"/>	
As at 1 January 2022	<b>(105,404)</b>
Charged for the period	<b>(11,202)</b>
Disposals	-
<hr/>	
As at 30 June 2022	<b>(116,606)</b>
<hr style="border-top: 1px dashed black;"/>	
<b>Net book value:</b>	
As at 31 December 2021	142,251
<hr/>	
As at 30 June 2022	<b>142,099</b>
<hr/>	

Intangible assets include core deposit, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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### 24. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

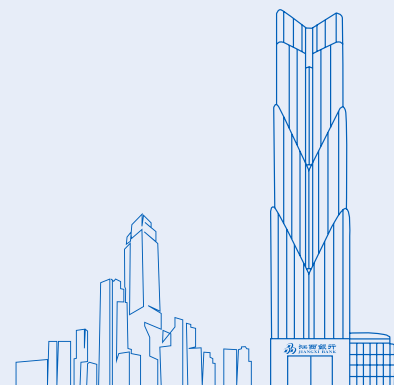
#### Analysed by type and location of counterparty

	30 June 2022	31 December 2021
In mainland China		
– Banks	344,208	4,395,156
– Other financial institutions	16,187,128	20,533,386
Gross Balance	16,531,336	24,928,542
Accrued interest	195,618	292,463
Total	16,726,954	25,221,005

### 25. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

#### Analysed by type and location of counterparty

	30 June 2022	31 December 2021
In mainland China		
– Banks	3,500,000	6,120,000
Gross Balance	3,500,000	6,120,000
Accrued interest	2,589	8,333
Total	3,502,589	6,128,333



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 26. BORROWING FROM OTHER FINANCIAL INSTITUTIONS

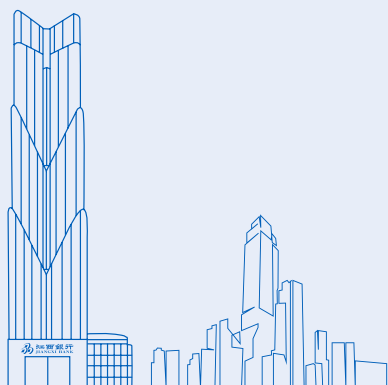
#### Analysed by type and location of counterparty

	30 June 2022	31 December 2021
In mainland China		
– Other financial institutions	6,360,000	8,842,000
Gross Balance	6,360,000	8,842,000
Accrued interest	89,482	139,228
Total	6,449,482	8,981,228

### 27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

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

	30 June 2022	31 December 2021
In mainland China		
– Banks	9,652,789	16,281,350
Gross Balance	9,652,789	16,281,350
Accrued interest	362	2,316
Total	9,653,151	16,283,666



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

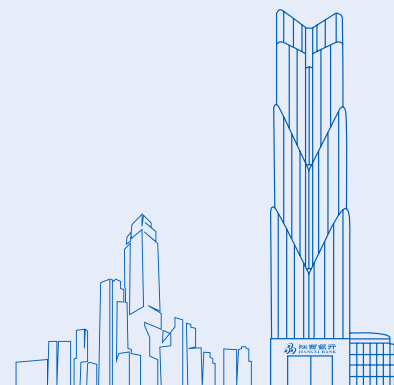
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(Continued)

### (b) Analysed by type of collateral

	30 June 2022	31 December 2021
Debt securities		
– Government	2,994,700	3,499,000
– Policy banks	3,900,000	12,782,350
– Other financial institutions	2,758,089	–
Gross Balance	9,652,789	16,281,350
Accrued interest	362	2,316
Total	9,653,151	16,283,666



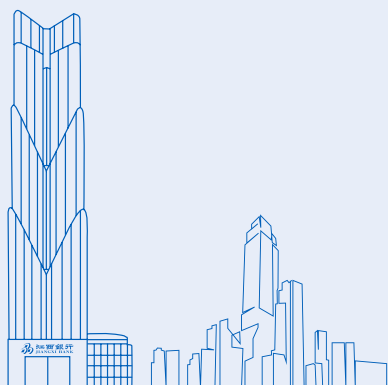


# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 28. DEPOSITS FROM CUSTOMERS

	Note	30 June 2022	31 December 2021
Demand deposits			
– Corporate customers		116,012,724	122,223,640
– Individual customers		22,236,079	22,570,873
Sub-total		138,248,803	144,794,513
Time deposits			
– Corporate customers		62,213,372	64,897,322
– Individual customers		124,596,547	112,931,926
Sub-total		186,809,919	177,829,248
Pledged deposits			
– Acceptances		13,084,097	8,553,057
– Letters of guarantees		2,330,826	2,712,972
– Letters of credit		2,088,471	1,915,440
– Others		68,797	38,887
Sub-total		17,572,191	13,220,356
Inward and outward remittances		64,916	60,217
Convertible negotiated deposit	(a)	3,900,000	3,900,000
Accrued interest		3,998,062	3,921,887
<b>Total</b>		<b>350,593,891</b>	<b>343,726,221</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

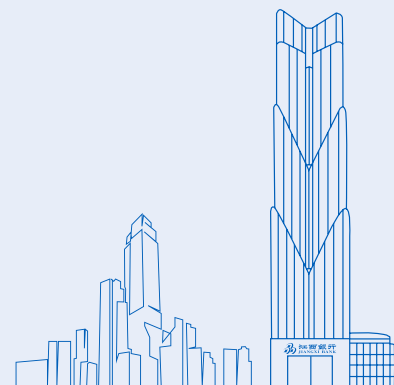
## 28. DEPOSITS FROM CUSTOMERS (Continued)

### (a) Convertible negotiated deposit

Jiangxi Provincial Department of Finance has saved funds of negotiated deposit raised from local government special bond into deposit account of Jiangxi Provincial Department of Finance in the Bank of Jiangxi. The deposit can be converted into ordinary shares to replenish other tier-one capital of the Bank. The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, RMB0.8 billion is for the six-year maturity, RMB0.8 billion for the seven-year maturity, RMB0.8 billion for the eight-year maturity, RMB0.8 billion for the nine-year maturity and RMB0.7 billion for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bond issuance interest rate. The conversion for convertible negotiated deposit into ordinary shares of the Bank shall satisfy the following conditions at the same time: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125%; (ii) Jiangxi Provincial Department of Finance consent to the conversion; and (iii) the class and number of the converted ordinary shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float. When the conditions are met, the negotiated deposits will be converted into ordinary shares periodically and included in the core tier-one capital.

## 29. DEBT SECURITIES ISSUED

	Note	30 June 2022	31 December 2021
Tier-two capital debts issued	(a)	2,998,821	5,997,421
Certificates of interbank deposits issued	(b)	57,407,768	34,977,239
Accrued interest		113,425	124,521
Total		60,520,014	41,099,181



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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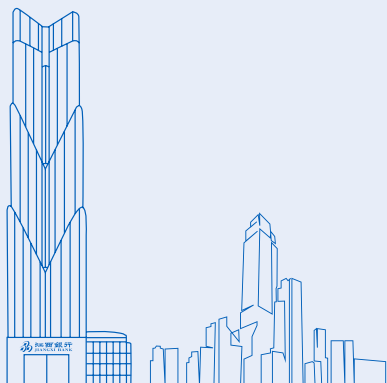
## 29. DEBT SECURITIES ISSUED (Continued)

### (a) Tier-two capital debts issued

- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group had an option to redeem the tier-two capital bonds at the end of the fifth year. The Group has redeemed the bonds on 7 June 2022.
- (ii) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 26 September 2017. The coupon interest rate per annum is 5.00%. The Group had an option to redeem the tier-two capital bonds at the end of the fifth year.

### (b) Certificates of interbank deposits issued

As at 30 June 2022, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB50,960.00 million (31 December 2021: RMB59,470.00 million) and duration between 1-12 months (31 December 2021: 1-12 months). The effective interest rates range from 1.89% to 2.74% per annum (31 December 2021: 2.00% to 3.50% per annum).



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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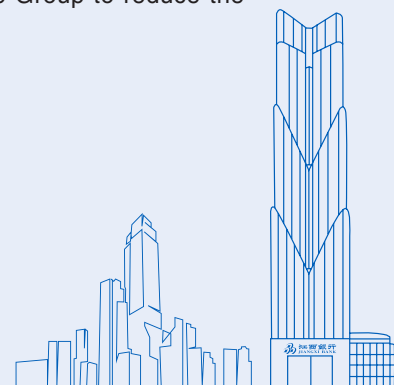
### 30. OTHER LIABILITIES

	Note	30 June 2022	31 December 2021
Accrued staff costs	(a)	1,159,224	1,347,336
Lease liabilities		956,872	1,192,489
Guarantee deposits from leases		896,258	1,051,759
Notes payable		364,405	398,835
Settlement and clearing accounts		993,260	203,461
Provisions	(b)	638,004	342,957
Dividend payable		315,581	15,726
Other tax payables		285,081	138,331
Deferred income		134,429	133,749
Receipt in advance		94,279	107,877
Payables for purchase of fixed assets		40,936	42,976
Non-performing assets collection		86,003	18,704
Others		471,787	504,872
<b>Total</b>		<b>6,436,119</b>	<b>5,499,072</b>

#### (a) Accrued staff costs

	30 June 2022	31 December 2021
Salaries, bonuses and allowances	970,570	1,206,234
Social insurance	27,402	1,518
Housing fund	20,943	315
Employee education costs and labor union expenditure	10,177	19,371
Supplementary retirement benefits	130,132	119,898
<b>Total</b>	<b>1,159,224</b>	<b>1,347,336</b>

Contributions to the defined contribution retirement plan, are recognised as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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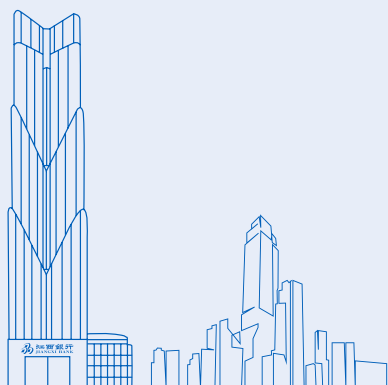
## 30. OTHER LIABILITIES (Continued)

### (b) Provisions

	Note	30 June 2022	31 December 2021
Credit commitments provision	(i)	592,574	319,405
Litigations and disputes provision		45,430	23,552
<b>Total</b>		<b>638,004</b>	<b>342,957</b>

(i) Movements of credit commitments provision is as follows:

	Six months ended 30 June 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	316,347	1,060	1,998	319,405
Transferred:				
– to 12-month ECL	241	(241)	–	–
– to lifetime ECL not credit-impaired	(266)	266	–	–
– to lifetime ECL credit-impaired	(692)	(78)	770	–
Charged for the period	12,362	14,368	246,439	273,169
<b>As at 30 June</b>	<b>327,992</b>	<b>15,375</b>	<b>249,207</b>	<b>592,574</b>



## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 30. OTHER LIABILITIES (Continued)

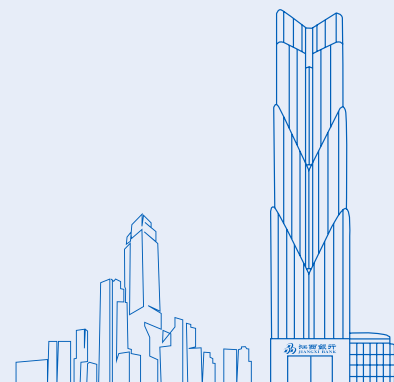
#### (b) Provisions (Continued)

(i) Movements of credit commitments provision is as follows: (Continued)

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	252,276	391	–	252,667
Transferred:				
– to 12-month ECL	224	(224)	–	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
– to lifetime ECL credit-impaired	(4)	(24)	28	–
Charged for the year	63,858	910	1,970	66,738
As at 31 December	316,347	1,060	1,998	319,405

### 31. SHARE CAPITAL

	30 June 2022	31 December 2021
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 32. OTHER EQUITY INSTRUMENTS

### (a) Perpetual debt outstanding at the end of the period

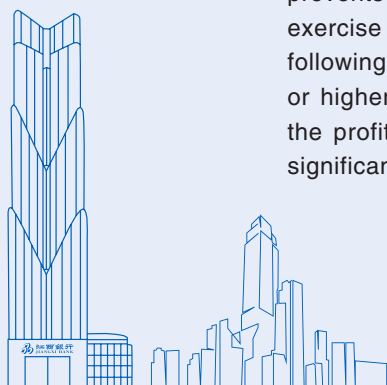
Financial instrument outstanding	Time issued	Accounting Classifications	Initial Interest rate	Issue price	Quantities	In RMB thousand	Maturity
Perpetual Debts	23 August 2021	Equity	4.80%	RMB100/bond	40,000,000	4,000,000	None
Less: issuing cost						(963)	
Book Value						3,999,037	

### (b) Main clause

Perpetual debts presented in the balance sheet represent the undated capital bonds issued by the Bank. With the authorisation of the annual general meeting and the approval from regulatory authorities, the Bank was permitted to issue undated capital bonds of an amount no more than RMB9 billion in 2021.

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiangxi Bank's Issuance of undated capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 362) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 22), the Bank issued a total of RMB4 billion (first tranche) on 23 August 2021. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

The Bonds will continue to be outstanding so long as the Bank's business continues to operate. This bond issuance is subject to the Bank's conditional redemption clause. The Issuer shall have the right to redeem the current Bonds in whole or in part on the annual coupon payment date (including the coupon payment date of the fifth year after the issuance date) five years after the issuance date. The issuer has the right to redeem the Bonds in whole, but not in part, in the event of an unpredictable regulatory change that prevents the current issuance from being counted as other Tier 1 capital. The issuer shall exercise the right of redemption upon the approval of the CBIRC and upon meeting the following conditions: (1) replace the redeemed bond with a capital instrument of the same or higher class, and the replacement of the capital instrument shall be implemented only if the profitability of the Bank remains sustainable; (2) Or the capital adequacy ratio remains significantly higher than the regulatory after the exercise of the right.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 32. OTHER EQUITY INSTRUMENTS (Continued)

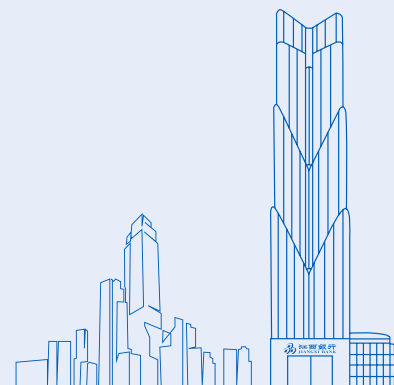
### (b) Main clause (Continued)

The Bank has the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation does not constitute an event of default. The Bank will fully consider the interests of bondholders when exercising this right. The Bank is free to use the interest of the cancelled bond for other due debts. Cancellation of any distributions to the Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares. The dividend is paid on a non-cumulative basis, that is, the dividend not paid in full to the shareholder previously will not accumulated to the next interest-bearing year.

## 33. RESERVES

### (a) Capital reserve

	Note	30 June 2022	31 December 2021
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	799,843	224,116
Total		14,091,092	13,515,365



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 33. RESERVES (Continued)

### (a) Capital reserve (Continued)

(i) Other comprehensive income

	<b>30 June 2022</b>	31 December 2021
As at 1 January	<b>224,116</b>	342,506
Changes in fair value recognised in other comprehensive income	<b>20,881</b>	(1,049,108)
Transfer to profit or loss upon disposal	<b>(2,374)</b>	(19,421)
Changes in impairment losses recognised in other comprehensive income	<b>561,847</b>	683,007
Less: Income tax effect	<b>(4,627)</b>	267,132
As at 30 June/31 December	<b>799,843</b>	224,116

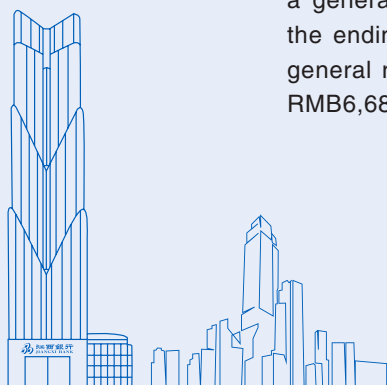
### (b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

### (c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB6,689.10 million as at 30 June 2022 (31 December 2021: RMB6,689.10 million).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 34. PROFIT DISTRIBUTION

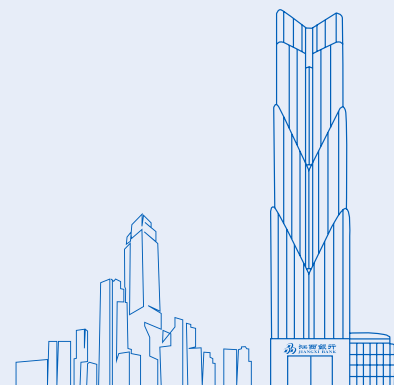
In accordance with the resolution at the Bank's Annual General Meeting on 28 June 2022, the shareholders approved the following profit appropriations for the year ended 31 December 2021:

- Appropriation of statutory surplus reserve amounted to RMB193.92 million;
- Appropriation of general reserve amounted to RMB588.46 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record on 10 July 2022.

In accordance with the resolution at the Bank's Annual General Meeting on 21 May 2021, the shareholders approved the following profit appropriations for the year ended 31 December 2020:

- Appropriation of statutory surplus reserve amounted to RMB178.57 million;
- Appropriation of general reserve amounted to RMB226.83 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record on 1 June 2021.

As at 30 June 2022, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB96.40 million to surplus reserve made by subsidiaries (31 December 2021: RMB96.40 million).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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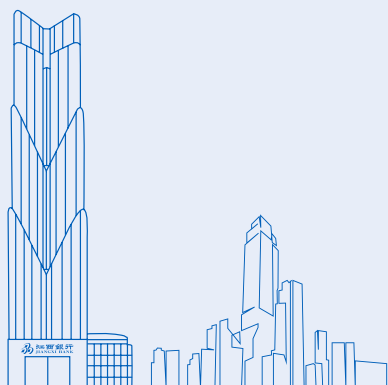
## 35. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

### (a) Net decrease in cash and cash equivalents

	Six months ended 30 June	
	2022	2021
Cash and cash equivalents as at 30 June	15,658,276	8,616,589
Less: Cash and cash equivalents as at 1 January	(25,271,056)	(22,780,384)
Net decrease in cash and cash equivalents as at 30 June	(9,612,780)	(14,163,795)

### (b) Cash and cash equivalents

	30 June 2022	31 December 2021
Cash on hand	811,438	806,061
Deposits with the central bank	5,241,553	17,543,492
Deposits with banks and other financial institutions	1,897,946	2,075,843
Placements with banks and other financial institutions	3,350,000	2,150,000
Financial assets held under resale agreements	4,357,339	2,695,660
Total	15,658,276	25,271,056



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

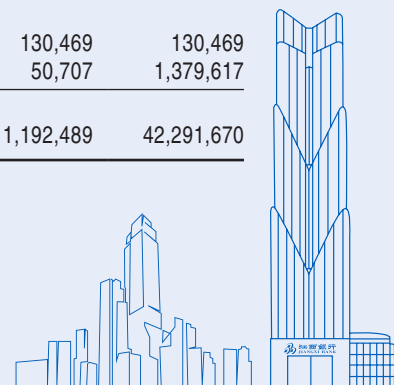
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 35. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Debt securities issued	Accrued interest arising from debt securities issued	Lease liabilities	Total
Balance at 1 January 2022	40,974,660	124,521	1,192,489	42,291,670
Changes from financing cash flows:				
– Proceeds from debt securities issued	50,088,381	–	–	50,088,381
– Interest paid on debt securities issued	–	(153,173)	–	(153,173)
– Repayments of debt securities issued	(31,278,600)	–	–	(31,278,600)
– Repayments of lease liabilities	–	–	(65,238)	(65,238)
Total changes from financing cash flows	59,784,441	(28,652)	1,127,251	60,883,040
Other changes:				
– Net Increase of lease liabilities	–	–	(188,669)	(188,669)
– Interest expense	622,148	142,077	18,290	782,515
Balance at 30 June 2022	60,406,589	113,425	956,872	61,476,886
	Debt securities issued	Accrued interest arising from debt securities issued	Lease Liabilities	Total
Balance at 1 January 2021	42,268,417	171,402	1,182,055	43,621,874
Changes from financing cash flows:				
– Proceeds from debt securities issued	58,460,405	–	–	58,460,405
– Interest paid on debt securities issued	–	(419,953)	–	(419,953)
– Repayments of debt securities issued	(60,710,000)	–	–	(60,710,000)
– Repayments of lease liabilities	–	–	(170,742)	(170,742)
Total changes from financing cash flows	40,018,822	(248,551)	1,011,313	40,781,584
Other changes:				
– Net Increase of lease liabilities	–	–	130,469	130,469
– Interest expense	955,838	373,072	50,707	1,379,617
Balance at 31 December 2021	40,974,660	124,521	1,192,489	42,291,670



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (a) Related parties of the Group

#### (i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	30 June 2022	31 December 2021
Jiangxi Provincial Communications Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	4.37%	4.37%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	N/A	3.79%

The official names of these related parties are in Chinese. The English translation is for reference only.

#### (ii) Subsidiaries of the Bank

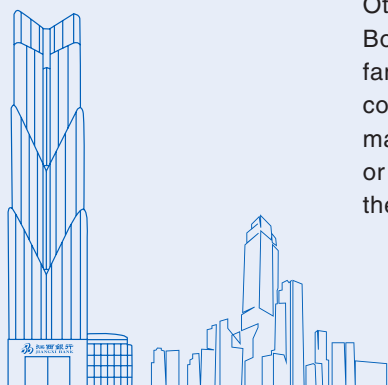
The detailed information of the Bank's subsidiaries is set out in Note 20.

#### (iii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 19.

#### (iv) Other related parties

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 36(a) or their controlling shareholders.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (b) Transactions with related parties other than key management personnel

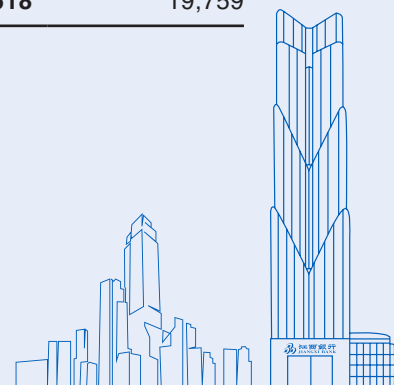
#### (i) Transactions between the Group and major shareholders

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income	14,758	38,710
Interest expense	496	213,803
	<b>30 June</b>	31 December
	<b>2022</b>	2021
Balances at the end of the period/year:		
Loans and advances to customers	700,000	2,121,329
Deposits from customers	80,050	23,462,585

#### (ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income	5,223	1,931
Interest expense	11,518	19,759



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

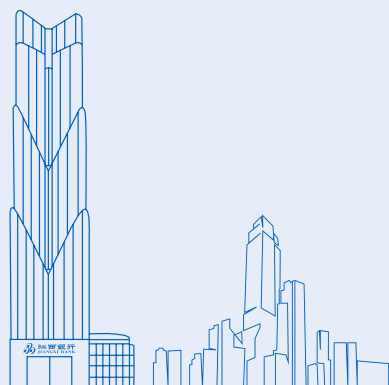
### (b) Transactions with related parties other than key management personnel (Continued)

#### (ii) Transactions between the Bank and subsidiaries (Continued)

	<b>30 June 2022</b>	31 December 2021
Balances at the end of the period/year:		
Placements with banks and other financial institutions	<b>800,000</b>	50,003
Deposits from banks and other financial institutions	<b>146,520</b>	926,180
Bank acceptances	<b>214,408</b>	398,835

#### (iii) Transactions between the Bank and associates

	Six months ended 30 June	
	<b>2022</b>	2021
Transactions during the period:		
Interest expense	<b>664</b>	5,248
Balances at the end of the period/year:		
Deposits with banks and other financial institutions	–	70,004
Deposits from banks and other financial institutions	<b>260,486</b>	343,793



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

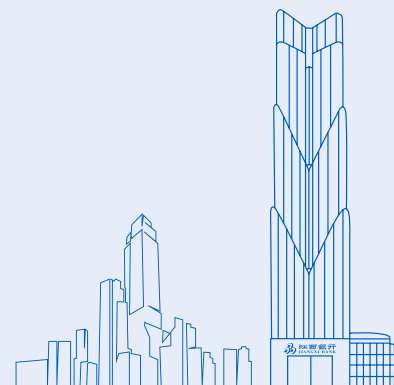
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (b) Transactions with related parties other than key management personnel (Continued)

#### (iv) Transactions between the Bank and other related parties

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income	124,649	81,102
Interest expense	93,698	35,201
	<b>30 June</b>	31 December
	<b>2022</b>	2021
Balances at the end of the period/year:		
Loans and advances to customers	5,741,352	4,089,647
Deposits from customers	8,273,250	4,667,476
Deposits from banks and other financial institutions	372,356	365,042
Bank acceptances	732,581	1,326,623
Letters of guarantees	77,380	43,405



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

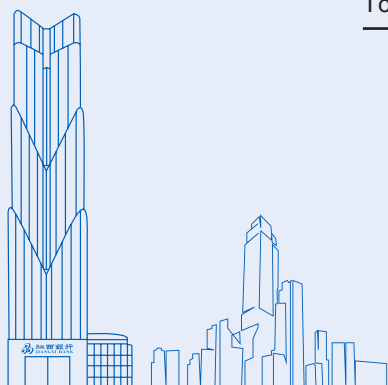
#### (i) Transactions between the Bank and key management personnel

	Six months ended 30 June	
	2022	2021
Transactions during the period:		
Interest income	–	422
Interest expense	319	270
	30 June	31 December
	2022	2021
Balances as at the end of period/year:		
Loans and advances to customers	–	–
Deposits from customers	22,869	17,646

#### (ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	Six months ended 30 June	
	2022	2021
Salaries and other emoluments	8,623	12,363
Contributions by the employer to social insurance and staff welfares, housing fund, etc.	415	452
Other welfare	94	165
Total	9,132	12,980



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 37. FAIR VALUE

### (a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

#### (i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

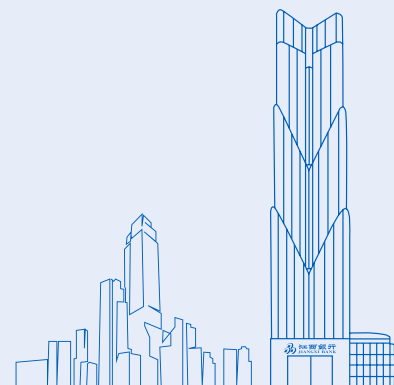
#### (ii) *Financial investments and other financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

#### (iii) *Debt securities issued and other financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 37. FAIR VALUE (Continued)

### (b) Fair value measurement

#### (i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

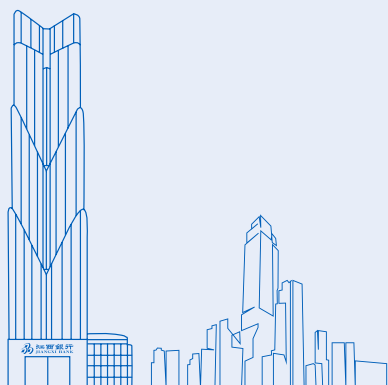
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

#### (ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.

The book value and the fair value of debt securities issued are presented in Note 37(d). The carrying amounts of other financial liabilities approximate their fair values.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

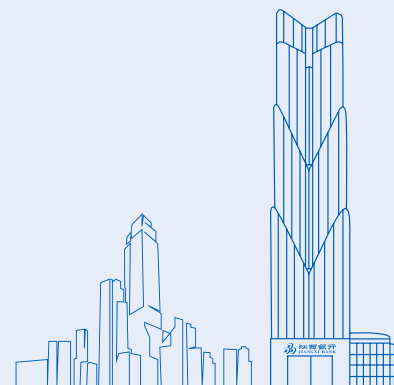
- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

#### *Financial investments*

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

#### *Loans and advances to customers*

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.





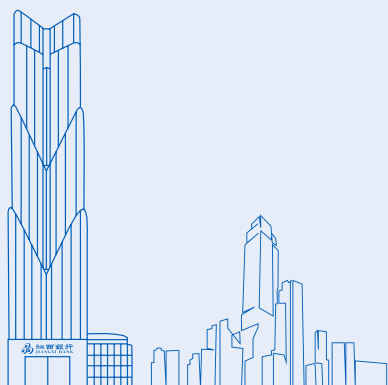
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy (Continued)

	30 June 2022			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	4,576,727	4,576,727
– Discounted bills	–	–	40,417,868	40,417,868
Sub-total	–	–	44,994,595	44,994,595
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	13,596,300	1,301,553	14,897,853
– Equity instruments	98,031	–	19,451	117,482
– Fund investments	25,165,855	–	–	25,165,855
– Other financial investments	–	–	3,568,218	3,568,218
Sub-total	25,263,886	13,596,300	4,889,222	43,749,408
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	16,809,982	–	16,809,982
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	6,052,305	6,052,305
Sub-total	–	16,809,982	6,062,555	22,872,537
Total	25,263,886	30,406,282	55,946,372	111,616,540



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

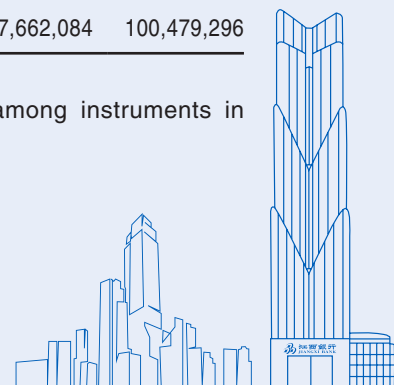
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy (Continued)

	31 December 2021			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	3,385,471	3,385,471
– Discounted bills	–	–	32,707,134	32,707,134
Sub-total	–	–	36,092,605	36,092,605
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	13,678,312	1,167,616	14,845,928
– Equity instruments	101,941	–	8,984	110,925
– Fund investments	20,766,123	–	–	20,766,123
– Other financial investments	–	–	3,723,097	3,723,097
Sub-total	20,868,064	13,678,312	4,899,697	39,446,073
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,270,836	–	18,270,836
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	6,659,532	6,659,532
Sub-total	–	18,270,836	6,669,782	24,940,618
Total	20,868,064	31,949,148	47,662,084	100,479,296

During the reporting period, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

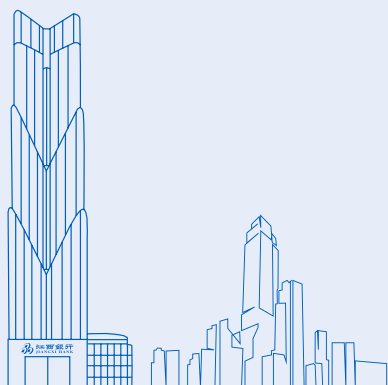
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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy (Continued)

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	<b>Six months ended 30 June 2022</b>	
	<b>Loans and advances to customers</b>	<b>Financial investments</b>
As at 1 January 2022	36,092,605	11,569,479
Total gains		
– In profit or loss for the current period	554,288	877,483
– In other comprehensive income for the current period	42,604	6,469
Purchases	35,325,827	–
Settlements	(27,020,729)	(1,501,654)
As at 30 June 2022	44,994,595	10,951,777
Total unrealised losses or gains for the period included in profit or loss for assets and liabilities held at the end of the period	(19,603)	109,691



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

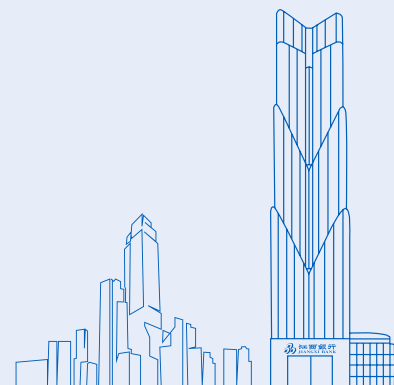
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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy (Continued)

	Year ended 31 December 2021	
	Loans and advances to customers	Financial investments
As at 1 January 2021	26,844,528	20,332,806
Total gains or (losses)		
– In profit or loss for the current year	840,562	(728,865)
– In other comprehensive income for the current year	35,013	663,508
Purchases	12,279,431	–
Settlements	(3,906,929)	(8,697,970)
As at 31 December 2021	36,092,605	11,569,479
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	16,437	(868,713)

During the six months ended 30 June 2022, there were no significant transfers into or out of Level 3 (year ended 31 December 2021: nil).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

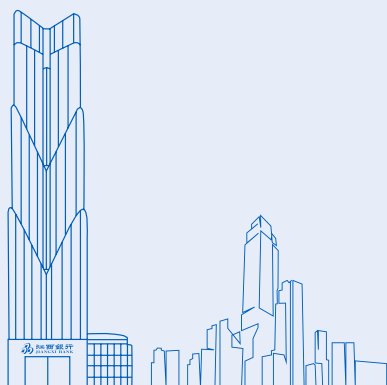
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 37. FAIR VALUE (Continued)

### (c) Fair value hierarchy (Continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3. Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at 30 June 2022	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	4,576,727	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	40,417,868	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,301,553	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	19,451	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,568,218	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	6,052,305	Discounted cash flow	Risk-adjusted discount rate, cash flow



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 37. FAIR VALUE (Continued)

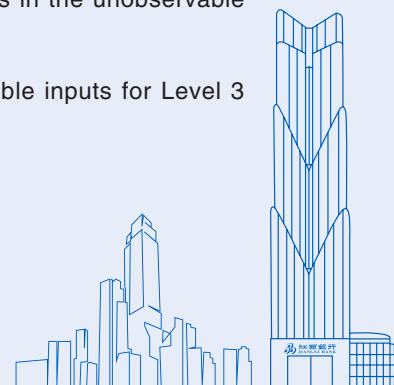
### (c) Fair value hierarchy (Continued)

	Fair value as at 31 December 2021	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	3,385,471	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	32,707,134	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,167,616	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,984	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,723,097	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	6,659,532	Discounted cash flow	Risk-adjusted discount rate, cash flow

During the six months ended 30 June 2022, there were no significant change in the valuation techniques (year ended 31 December 2021: nil).

As at 30 June 2022, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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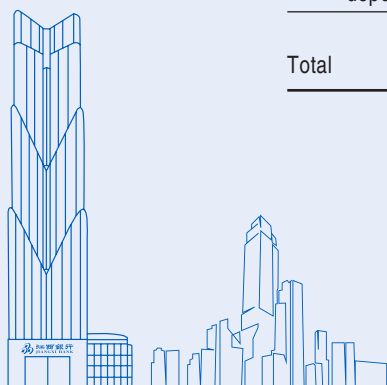
## 37. FAIR VALUE (Continued)

### (d) Financial instruments carried at other than fair value

At the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	30 June 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortised cost – debt securities	59,567,522	59,682,610	–	59,682,610	–
Financial liabilities					
– Tier-two capital debts issued	3,112,246	3,132,465	–	3,132,465	–
– Certificates of interbank deposits issued	57,407,768	57,497,915	–	57,497,915	–
<b>Total</b>	<b>60,520,014</b>	<b>60,630,380</b>	<b>–</b>	<b>60,630,380</b>	<b>–</b>

	31 December 2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortised cost – debt securities	58,447,952	58,781,790	–	58,781,790	–
Financial liabilities					
– Tier-two capital debts issued	5,997,421	6,069,540	–	6,069,540	–
– Certificates of interbank deposits issued	34,977,239	34,748,407	–	34,748,407	–
<b>Total</b>	<b>40,974,660</b>	<b>40,817,947</b>	<b>–</b>	<b>40,817,947</b>	<b>–</b>





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

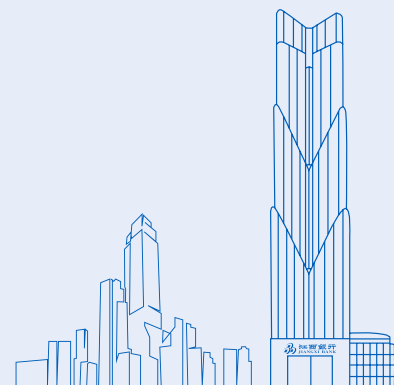
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 38. ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at the end of reporting period, the entrusted assets and liabilities were as follows:

	<b>30 June 2022</b>	31 December 2021
Entrusted loans	<b>25,134,450</b>	28,529,525
Entrusted funds	<b>(25,134,450)</b>	(28,529,525)



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 39. COMMITMENTS AND CONTINGENT LIABILITIES

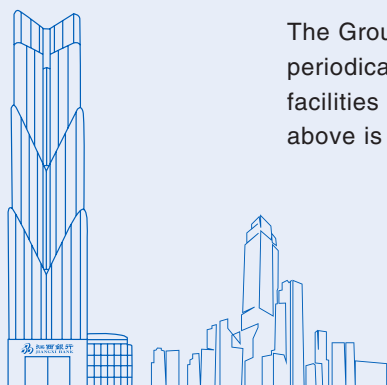
### (a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, unused credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	<b>30 June 2022</b>	31 December 2021
Loan commitments		
– Original contractual maturity within one year	<b>40,000</b>	–
– Original contractual maturity more than one year (inclusive)	<b>10,000</b>	66,000
<b>Sub-total</b>	<b>50,000</b>	66,000
Unused credit card commitments		
– Original contractual maturity within one year	<b>7,351,643</b>	6,856,201
<b>Sub-total</b>	<b>7,351,643</b>	6,856,201
Bank acceptances	<b>31,272,291</b>	24,475,808
Letters of guarantees	<b>15,186,171</b>	19,294,389
Letters of credit	<b>6,964,935</b>	6,019,450
<b>Total</b>	<b>60,825,040</b>	56,711,848

The Group may be exposed to credit risk in all the above credit businesses. The management periodically assesses credit risk and makes allowances for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### (b) Credit risk-weighted amount

	<b>30 June 2022</b>	31 December 2021
Credit risk-weighted amount	<b>24,887,929</b>	27,644,251

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the CBIRC.

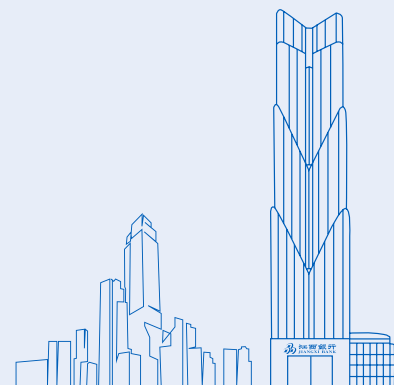
### (c) Capital commitments

As at the end of reporting period, the Group's authorised capital commitments are as follows:

	<b>30 June 2022</b>	31 December 2021
Authorised but not contracted for	–	–
Contracted but not paid for	<b>2,574</b>	1,884
Total	<b>2,574</b>	1,884

### (d) Outstanding litigations and disputes

As at 30 June 2022, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2021: nil).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### (e) Pledged assets

#### (i) Assets pledged as collaterals

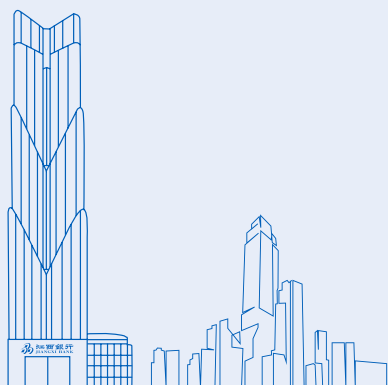
*Analysed by type of collateral*

	30 June 2022	31 December 2021
Debt securities		
– Government	18,582,546	3,660,000
– Policy banks	4,693,096	13,493,200
<b>Total</b>	<b>23,275,642</b>	<b>17,153,200</b>

*Analysed by type of asset*

	30 June 2022	31 December 2021
Financial investment		
– Financial assets at fair value through profit or loss	13,985	–
– Financial assets at fair value through other comprehensive income	2,504,563	1,440,100
– Financial assets at amortised cost	20,757,095	15,713,100
<b>Total</b>	<b>23,275,643</b>	<b>17,153,200</b>

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### (e) Pledged assets (Continued)

#### (ii) Received pledged assets

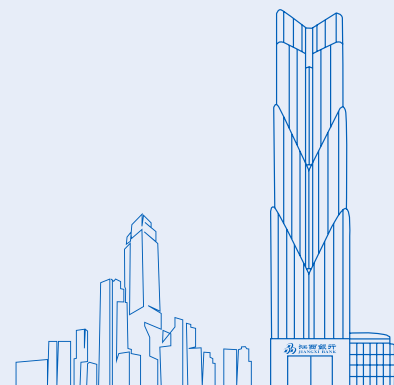
As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 30 June 2022 (31 December 2021: nil).

### (f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	30 June 2022	31 December 2021
Redemption obligations	2,538	2,583

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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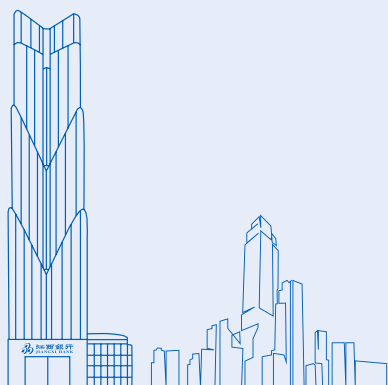
## 40. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

### (a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognised:

	30 June 2022	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	28,734,073	28,734,073
Financial investments at fair value through other comprehensive income	6,052,305	6,052,305
Financial investments at amortised cost	43,249,180	43,249,180
Total	78,035,558	78,035,558



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 40. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(Continued)

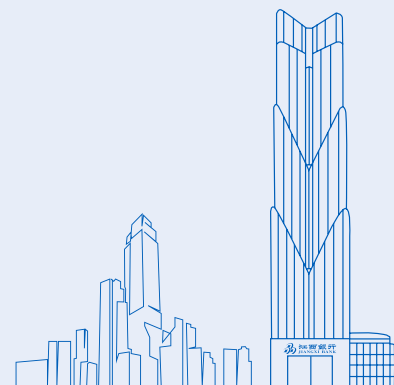
### (a) Structured entities sponsored by third party institutions in which the Group holds an interest (Continued)

	31 December 2021	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	24,489,220	24,489,220
Financial investments at fair value through other comprehensive income	6,627,130	6,627,130
Financial investments at amortised cost	47,606,247	47,606,247
Total	78,722,597	78,722,597

### (b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

At 30 June 2022, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB33,574.31 million (31 December 2021: RMB35,523.04 million).





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 40. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(Continued)

### (c) Unconsolidated structure entities sponsored by the Group during the six months which the Group does not consolidate and does not have an interest in

During the six months ended 30 June 2022, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 30 June amounted to nil (six months ended 30 June 2021: RMB1,418.30 million). During the six months ended 30 June 2022, the Group recorded commission income as the manager of these wealth management products amounting to nil (six months ended 30 June 2021: RMB5.80 million).

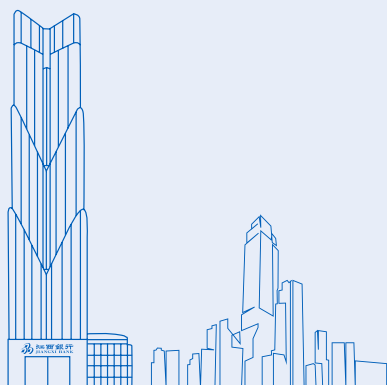
## 41. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the CBIRC. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

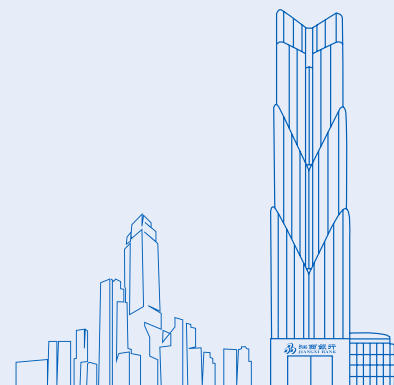
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 41. CAPITAL MANAGEMENT (Continued)

The CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with “Regulation Governing Capital of Commercial Banks (Provisional)”. For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group’s statutory financial statements prepared in accordance with PRC GAAP.



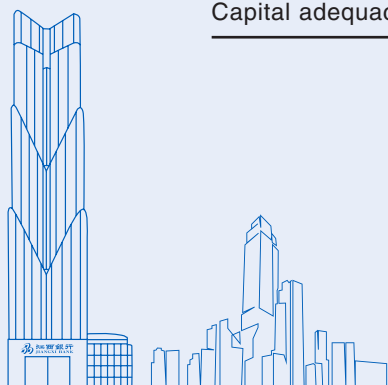
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 41. CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	30 June 2022	31 December 2021
Total core tier-one capital	<b>38,740,521</b>	37,181,681
– Share capital	<b>6,024,277</b>	6,024,277
– Qualifying portion of capital reserve	<b>14,091,092</b>	13,515,365
– Surplus reserve	<b>3,081,890</b>	3,081,890
– General reserve	<b>6,689,104</b>	6,689,104
– Retained earnings	<b>8,587,956</b>	7,607,644
– Qualifying portions of non-controlling interests	<b>266,202</b>	263,401
Core tier-one capital deductions	<b>(1,719,637)</b>	(1,369,622)
Net core tier-one capital	<b>37,020,884</b>	35,812,059
Other tier-one capital	<b>7,934,530</b>	7,934,157
Net tier-one capital	<b>44,955,414</b>	43,746,216
Tier-two capital	<b>6,776,364</b>	9,665,819
– Qualifying portions of tier-two capital instruments issued	<b>3,000,000</b>	6,000,000
– Surplus allowances for loan impairment	<b>3,705,377</b>	3,595,579
– Qualifying portions of non-controlling interests	<b>70,987</b>	70,240
Net capital base	<b>51,731,778</b>	53,412,035
Total risk weighted assets	<b>389,253,302</b>	370,658,530
Core tier-one capital adequacy ratio	<b>9.51%</b>	9.66%
Tier-one capital adequacy ratio	<b>11.55%</b>	11.80%
Capital adequacy ratio	<b>13.29%</b>	14.41%



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 42. SEGMENT REPORTING

### (a) Operating segments

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

#### *Corporate banking*

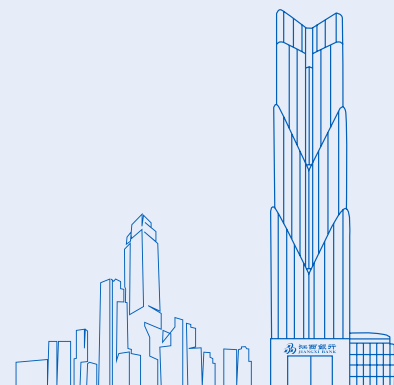
This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory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

#### *Retail banking and credit card*

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

#### *Financial markets business*

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



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 42. SEGMENT REPORTING (Continued)

### (a) Operating segments (Continued)

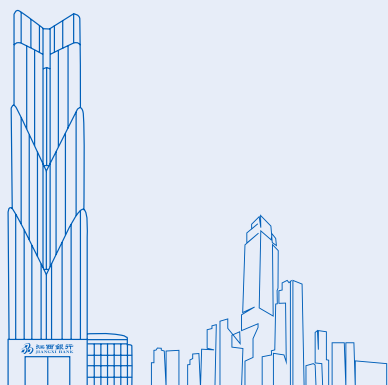
#### *Others*

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

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

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

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



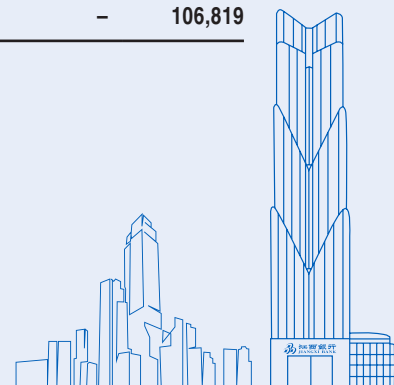
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 42. SEGMENT REPORTING (Continued)

### (a) Operating segments (Continued)

	Six months ended 30 June 2022				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	2,334,249	(86,516)	2,373,941	–	4,621,674
Internal net interest income/(expense)	187,086	1,234,522	(1,415,418)	(6,190)	–
Net interest income/(expense)	2,521,335	1,148,006	958,523	(6,190)	4,621,674
Net fee and commission income	136,562	16,138	228,953	(8,213)	373,440
Net trading gains	–	–	80,270	–	80,270
Net gains arising from financial investments	5,414	–	1,157,846	–	1,163,260
Other operating income/(expenses)	51,034	71	(796)	28,723	79,032
Operating income	2,714,345	1,164,215	2,424,796	14,320	6,317,676
Operating expenses	(325,267)	(543,076)	(678,585)	3,680	(1,543,248)
Impairment losses on assets	(2,159,916)	(130,304)	(893,968)	(23,066)	(3,207,254)
Share of profits of associates	–	–	–	2,955	2,955
Profit/(loss) before taxation	229,162	490,835	852,243	(2,111)	1,570,129
Segment assets	179,483,267	93,208,834	241,787,142	1,776,973	516,256,216
Segment liabilities	(209,929,195)	(147,936,212)	(113,993,298)	(1,172,218)	(473,030,923)
Other segment information					
– Credit commitments	53,473,397	7,351,643	–	–	60,825,040
– Depreciation and amortisation	18,119	65,809	144,779	–	228,707
– Capital expenditure	15,038	28,681	63,100	–	106,819



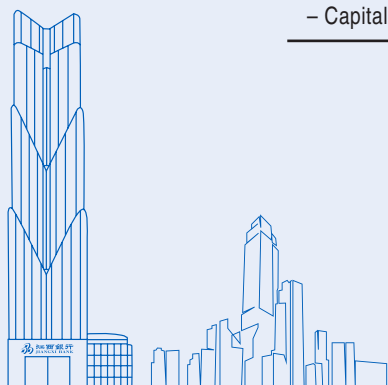
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 42. SEGMENT REPORTING (Continued)

### (a) Operating segments (Continued)

	Six months ended 30 June 2021				
	Corporate Banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	1,680,948	17,647	2,436,994	–	4,135,589
Internal net interest income/(expense)	777,860	1,023,638	(1,779,467)	(22,031)	–
Net interest income/(expense)	2,458,808	1,041,285	657,527	(22,031)	4,135,589
Net fee and commission income	169,935	25,797	209,612	10,797	416,141
Net trading gains	–	–	100,539	–	100,539
Net gains arising from financial investments	602	–	688,082	–	688,684
Other operating income/(expenses)	4,130	(3,053)	(11,937)	23,968	13,108
Operating income	2,633,475	1,064,029	1,643,823	12,734	5,354,061
Operating expenses	(375,121)	(441,843)	(688,463)	(3,212)	(1,508,639)
Impairment losses on assets	(1,554,440)	(58,118)	(607,238)	(19,934)	(2,239,730)
Share of profits of associates	–	–	–	2,998	2,998
Profit/(loss) before taxation	703,914	564,068	348,122	(7,414)	1,608,690
Segment assets	159,855,497	86,570,150	224,768,923	2,066,654	473,261,224
Segment liabilities	213,165,172	130,886,098	91,461,627	653,158	436,166,055
Other segment information					
– Credit commitments	46,658,987	6,418,930	–	–	53,077,917
– Depreciation and amortisation	66,209	77,986	121,515	–	265,710
– Capital expenditure	10,044	11,831	18,434	–	40,309





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## 42. SEGMENT REPORTING (Continued)

### (b) Geographical information

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.

## 43. RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

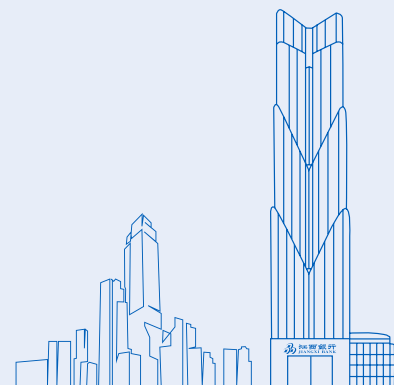
The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.

### (a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### *Credit business*

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### *Treasury Business*

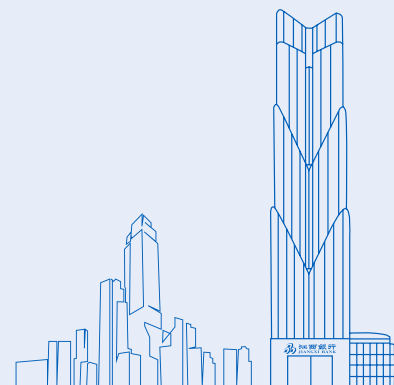
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic and real-time basis. Credit risk limits are reviewed and updated regularly.

#### *Measurement of ECL*

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### (i) Significant increase in credit risk

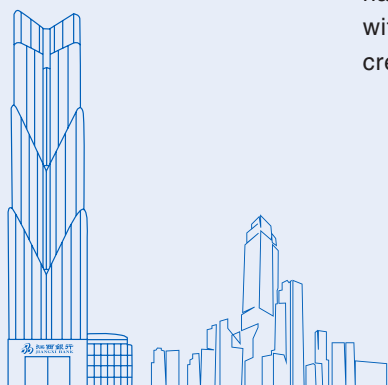
When one or more quantitative and qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralised loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 30 June 2022, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2021: nil).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### (ii) Definition of “default” and “credit-impaired assets”

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default and the criteria are consistent with the definition of credit-impaired assets.

##### (a) Quantitative criterion

The financial asset is more than 90 days past due.

##### (b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.



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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

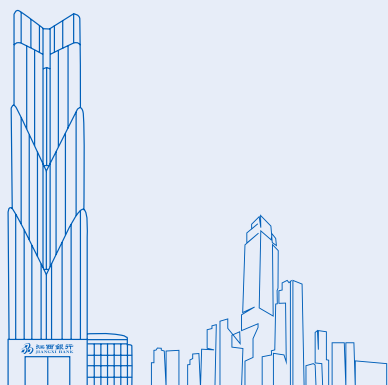
#### (iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

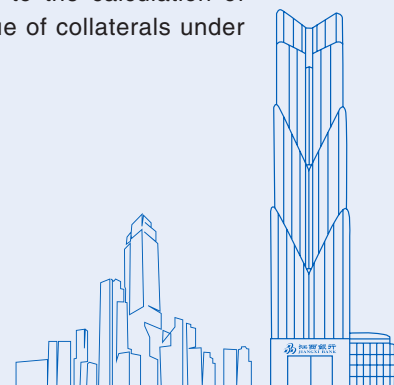
### (a) Credit risk (Continued)

#### (iii) Notes to the parameters, assumptions and valuation techniques (Continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilisation rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

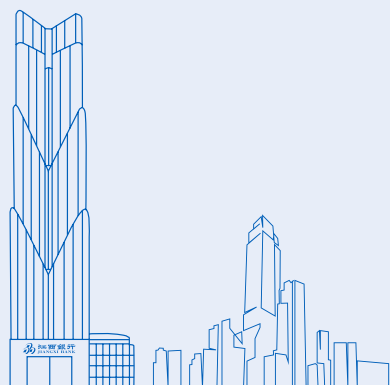
#### (iii) Notes to the parameters, assumptions and valuation techniques (Continued)

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period. For the six months ended 30 June 2022, the Group has fully considered the impact of COVID-19 pandemic on macroeconomic and the banking industry when assessing the forward-looking information used in the expected credit loss model.

#### (1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items at the end of the reporting period is disclosed in Note 39(a).



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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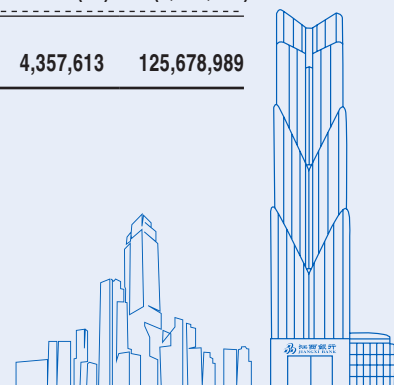
## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

(2) The credit quality of financial assets is analysed as follows:

	30 June 2022			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (Note (a))
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	276,567,701	6,728,844	4,357,657	120,515,908
Sub-total	276,567,701	6,728,844	4,357,657	120,515,908
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	3,478,031	–	–	–
– Neither overdue nor credit-impaired	12,678,974	–	–	2,624,112
Sub-total	16,157,005	–	–	2,624,112
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	5,507,094	–	–	6,294,110
– Credit-impaired but not overdue	2,543,903	–	–	1,450,181
Sub-total	8,050,997	–	–	7,744,291
Less: Allowances for impairment losses	(9,352,045)	(1,809)	(44)	(5,205,322)
Total	291,423,658	6,727,035	4,357,613	125,678,989



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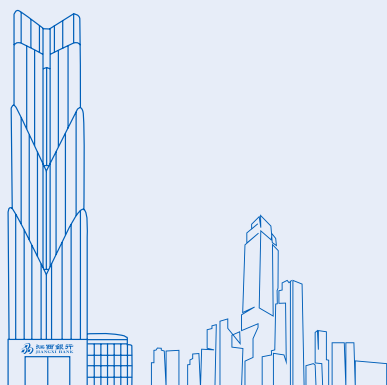
## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

(2) The credit quality of financial assets is analysed as follows: (Continued)

	31 December 2021			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (Note (a))
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	256,857,506	5,680,499	2,695,950	128,101,111
Sub-total	256,857,506	5,680,499	2,695,950	128,101,111
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	483,181	–	–	–
– Neither overdue nor credit-impaired	14,330,613	–	–	1,130,693
Sub-total	14,813,794	–	–	1,130,693
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	5,359,714	–	–	4,691,411
– Credit-impaired but not overdue	1,247,083	–	–	3,522,093
Sub-total	6,606,797	–	–	8,213,504
Less: Allowances for impairment losses	(7,619,872)	(1,235)	(7)	(5,124,351)
Total	270,658,225	5,679,264	2,695,943	132,320,957



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

(2) The credit quality of financial assets is analysed as follows: (Continued)

(a) Financial investments comprise financial investments at amortised cost and financial investments at fair value through other comprehensive income (excluding equity instruments).

The fair value of collaterals held against loans and advances overdue but not credit-impaired at 30 June 2022 amounted to RMB22,548.11 million (31 December 2021: RMB331.86 million).

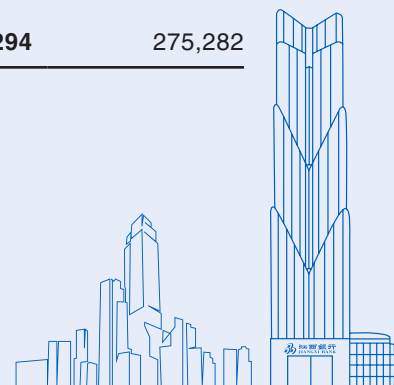
The fair value of collaterals held against loans and advances that are credit-impaired at 30 June 2022 amounted to RMB12,226.07 million (31 December 2021: RMB2,924.87 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	30 June 2022	31 December 2021
Rescheduled loans and advances to customers	588,612	275,282
Credit-impaired loans and advances to customers included in above	459,294	275,282



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

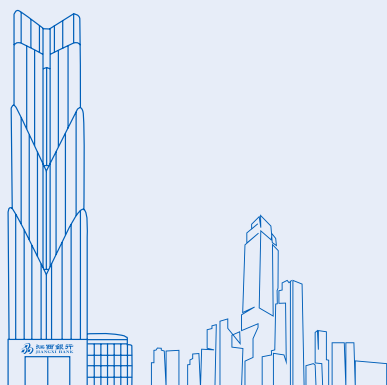
(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

#### (4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	<b>30 June 2022</b>	31 December 2021
Impaired debt securities	<b>1,481,422</b>	–
Sub-total	<b>1,481,422</b>	–
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	77,212,252	77,144,464
– AA- to AA+	11,004,310	13,224,950
– A- to A+	–	367,122
– BBB+	356,606	–
– C	–	620,820
Sub-total	<b>88,573,168</b>	91,357,356
<i>Unrated</i>	<b>1,220,766</b>	2,736,407
Sub-total	<b>1,220,766</b>	2,736,407
Total	<b>91,275,356</b>	94,093,763

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB76.20 billion as at 30 June 2022 (31 December 2021: RMB75.89 billion).



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## 43. RISK MANAGEMENT (Continued)

### (b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

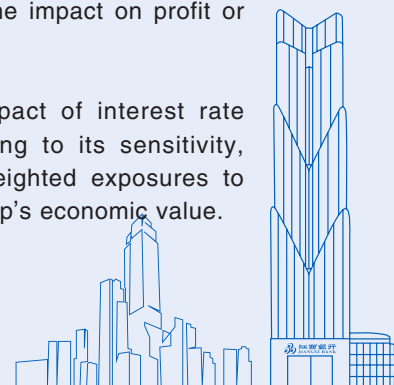
Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### *Interest rate risk*

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

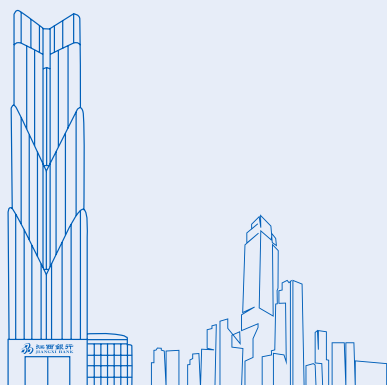
#### *Repricing risk*

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

#### *Trading interest rate risk*

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.





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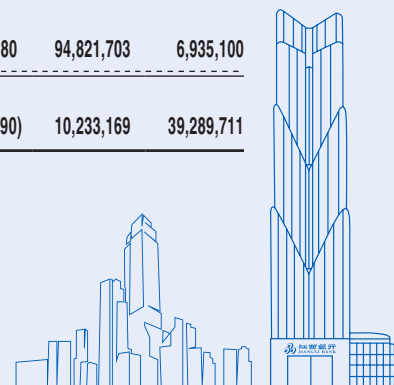
## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	30 June 2022					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	32,637,214	978,325	31,658,889	-	-	-
Deposits with banks and other financial institutions	1,968,493	773,223	1,139,270	56,000	-	-
Placements with banks and other financial institutions	4,758,542	9,423	3,349,456	1,399,663	-	-
Financial assets held under resale agreements	4,357,613	318	4,357,295	-	-	-
Loans and advances to customers (Note (a))	291,423,658	648,877	142,949,980	97,886,739	40,530,252	9,407,810
Financial investments (Note (b))	169,438,647	29,686,395	7,865,943	30,544,688	64,524,620	36,817,001
Others	11,672,049	11,672,049	-	-	-	-
<b>Total assets</b>	<b>516,256,216</b>	<b>43,768,610</b>	<b>191,320,833</b>	<b>129,887,090</b>	<b>105,054,872</b>	<b>46,224,811</b>
<b>Liabilities</b>						
Borrowing from the central bank	18,565,079	1,552,380	5,299,852	11,712,847	-	-
Deposits from banks and other financial institutions	16,726,954	195,619	5,968,335	10,513,000	50,000	-
Placements from banks and other financial institutions	3,502,589	2,589	800,000	2,700,000	-	-
Borrowing from other financial institutions	6,449,482	89,482	1,900,000	4,430,000	30,000	-
Financial assets sold under repurchase agreements	9,653,151	362	9,652,789	-	-	-
Deposits from customers	350,593,891	3,998,062	171,096,024	76,821,824	94,741,703	3,936,278
Debt securities issued	60,520,014	113,424	14,137,959	43,269,809	-	2,998,822
Others	7,019,763	7,019,763	-	-	-	-
<b>Total liabilities</b>	<b>473,030,923</b>	<b>12,971,681</b>	<b>208,854,959</b>	<b>149,447,480</b>	<b>94,821,703</b>	<b>6,935,100</b>
<b>Asset-liability gap</b>	<b>43,225,293</b>	<b>30,796,929</b>	<b>(17,534,126)</b>	<b>(19,560,390)</b>	<b>10,233,169</b>	<b>39,289,711</b>



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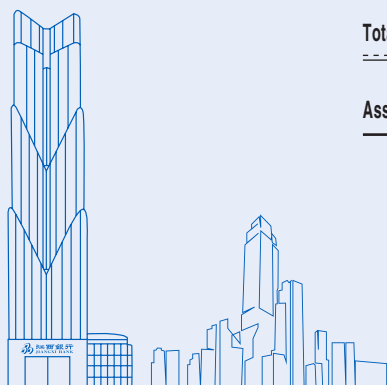
## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### *Interest rate risk (Continued)*

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

	31 December 2021					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	46,464,971	1,087,526	45,377,445	-	-	-
Deposits with banks and other financial institutions	2,090,061	585,301	1,490,769	13,991	-	-
Placements with banks and other financial institutions	3,589,203	39,718	2,449,625	1,099,860	-	-
Financial assets held under resale agreements	2,695,943	290	2,695,653	-	-	-
Loans and advances to customers (Note (a))	270,658,225	563,785	133,936,062	93,488,151	35,780,420	6,889,807
Financial investments (Note (b))	171,777,280	2,143,399	30,213,380	20,134,489	82,365,025	36,920,987
Others	11,284,125	11,284,125	-	-	-	-
<b>Total assets</b>	<b>508,559,808</b>	<b>15,704,144</b>	<b>216,162,934</b>	<b>114,736,491</b>	<b>118,145,445</b>	<b>43,810,794</b>
<b>Liabilities</b>						
Borrowing from the central bank	19,242,201	96,532	6,586,728	12,558,941	-	-
Deposits from banks and other financial institutions	25,221,005	292,463	8,175,542	16,703,000	50,000	-
Placements from banks and other financial institutions	6,128,333	8,333	3,720,000	2,400,000	-	-
Borrowing from other financial institutions	8,981,228	139,228	2,940,000	5,862,000	40,000	-
Financial assets sold under repurchase agreements	16,283,666	2,316	16,281,350	-	-	-
Deposits from customers	343,726,221	3,993,095	186,563,980	66,842,053	82,425,362	3,901,731
Debt securities issued	41,099,181	124,521	12,203,627	22,773,611	-	5,997,422
Others	6,244,537	6,244,537	-	-	-	-
<b>Total liabilities</b>	<b>466,926,372</b>	<b>10,901,025</b>	<b>236,471,227</b>	<b>127,139,605</b>	<b>82,515,362</b>	<b>9,899,153</b>
<b>Asset-liability gap</b>	<b>41,633,436</b>	<b>4,803,119</b>	<b>(20,308,293)</b>	<b>(12,403,114)</b>	<b>35,630,083</b>	<b>33,911,641</b>



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## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### *Interest rate risk (Continued)*

(i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

(a) As at 30 June 2022, for loans and advances to customers, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB5,196.18 million (31 December 2021: RMB2,596.76 million).

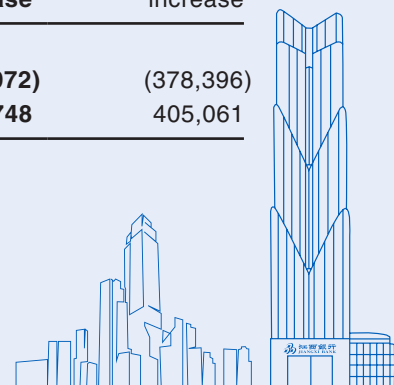
(b) As at 30 June 2022, for financial investments, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB3,530.01 million (31 December 2021: RMB1,522.98 million).

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group’s net profit and equity. The following table sets forth the results of the Group’s interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	<b>30 June 2022</b>	31 December 2021
	<b>(decrease)/ increase</b>	(decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	<b>(438,252)</b>	(347,272)
Down 100 bps parallel shift in yield curves	<b>467,123</b>	321,471

	<b>30 June 2022</b>	31 December 2021
	<b>(decrease)/ increase</b>	(decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	<b>(363,972)</b>	(378,396)
Down 100 bps parallel shift in yield curves	<b>388,748</b>	405,061



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## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

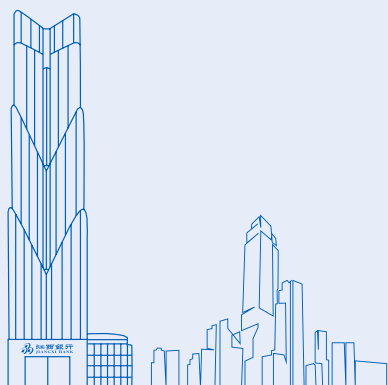
#### *Interest rate risk* (Continued)

##### (ii) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



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## 43. RISK MANAGEMENT (Continued)

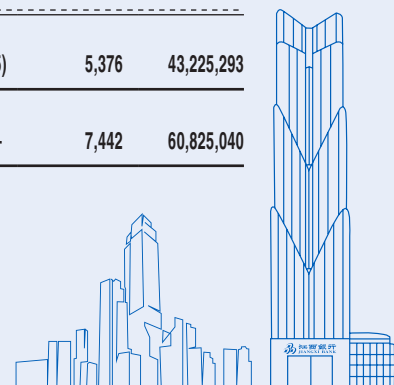
### (b) Market risk (Continued)

#### Foreign exchange risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions, loans and advances to customers and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures at the end of the reporting period are as follows:

	30 June 2022				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
<b>Assets</b>					
Cash and deposits with the central bank	32,611,108	23,601	2,240	265	32,637,214
Deposits with banks and other financial institutions	1,098,237	851,205	6,967	12,084	1,968,493
Placements with banks and other financial institutions	4,758,542	-	-	-	4,758,542
Financial assets held under resale agreements	4,357,613	-	-	-	4,357,613
Loans and advances to customers	290,867,942	555,716	-	-	291,423,658
Financial investments	169,438,647	-	-	-	169,438,647
Others	11,672,049	-	-	-	11,672,049
<b>Total assets</b>	<b>514,804,138</b>	<b>1,430,522</b>	<b>9,207</b>	<b>12,349</b>	<b>516,256,216</b>
<b>Liabilities</b>					
Borrowing from the central bank	18,565,079	-	-	-	18,565,079
Deposits from banks and other financial institutions	16,726,954	-	-	-	16,726,954
Placements from banks and other financial institutions	3,502,589	-	-	-	3,502,589
Borrowing from other financial institutions	6,449,482	-	-	-	6,449,482
Financial assets sold under repurchase agreements	9,653,151	-	-	-	9,653,151
Deposits from customers	350,152,462	440,062	839	528	350,593,891
Debt securities issued	60,520,014	-	-	-	60,520,014
Others	5,804,604	1,200,331	8,383	6,445	7,019,763
<b>Total liabilities</b>	<b>471,374,335</b>	<b>1,640,393</b>	<b>9,222</b>	<b>6,973</b>	<b>473,030,923</b>
<b>Net position</b>	<b>43,429,803</b>	<b>(209,871)</b>	<b>(15)</b>	<b>5,376</b>	<b>43,225,293</b>
Credit commitments	54,092,426	6,725,172	-	7,442	60,825,040



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

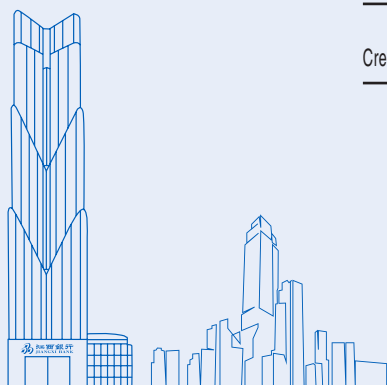
## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### *Foreign exchange risk* (Continued)

- (i) The Group's currency exposures at the end of the reporting period are as follows:  
(Continued)

	31 December 2021				Total (RMB equivalent)
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
<b>Assets</b>					
Cash and deposits with the central bank	46,434,692	27,156	2,834	289	46,464,971
Deposits with banks and other financial institutions	1,451,151	600,343	15,778	22,789	2,090,061
Placements with banks and other financial institutions	3,589,203	-	-	-	3,589,203
Financial assets held under resale agreements	2,695,943	-	-	-	2,695,943
Loans and advances to customers	270,156,996	501,229	-	-	270,658,225
Financial investments	171,777,280	-	-	-	171,777,280
Others	11,282,953	1,172	-	-	11,284,125
<b>Total assets</b>	<b>507,388,218</b>	<b>1,129,900</b>	<b>18,612</b>	<b>23,078</b>	<b>508,559,808</b>
<b>Liabilities</b>					
Borrowing from the central bank	19,242,201	-	-	-	19,242,201
Deposits from banks and other financial institutions	25,221,005	-	-	-	25,221,005
Placements from banks and other financial institutions	6,128,333	-	-	-	6,128,333
Borrowing from other financial institutions	8,981,228	-	-	-	8,981,228
Financial assets sold under repurchase agreements	16,283,666	-	-	-	16,283,666
Deposits from customers	343,484,616	217,507	23,387	711	343,726,221
Debt securities issued	41,099,181	-	-	-	41,099,181
Others	6,187,454	57,053	-	30	6,244,537
<b>Total liabilities</b>	<b>466,627,684</b>	<b>274,560</b>	<b>23,387</b>	<b>741</b>	<b>466,926,372</b>
<b>Net position</b>	<b>40,760,534</b>	<b>855,340</b>	<b>(4,775)</b>	<b>22,337</b>	<b>41,633,436</b>
Credit commitments	50,187,325	6,509,367	-	15,156	56,711,848



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (b) Market risk (Continued)

#### *Foreign exchange risk* (Continued)

#### (ii) Exchange rate sensitivity analysis

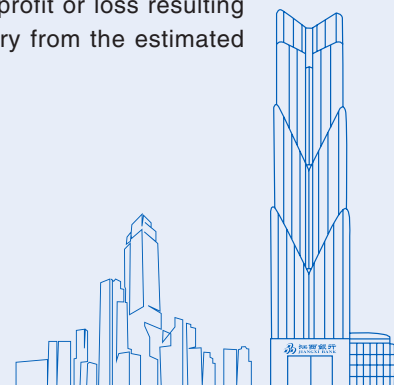
	<b>30 June 2022 (decrease)/ increase</b>	31 December 2021 (decrease)/ increase
Changes in net profit		
Foreign exchange rates decreases by 100 bps	<b>1,534</b>	(6,547)
Foreign exchange rates increases by 100 bps	<b>(1,534)</b>	6,547

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously, and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity and effectiveness of the Bank's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department, and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

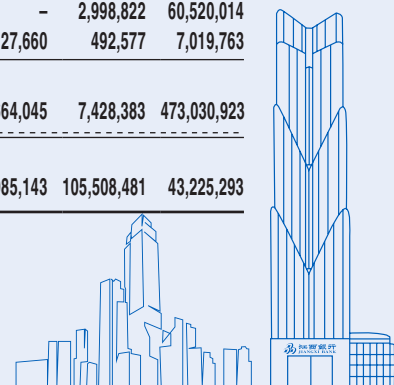
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	30 June 2022							Total
	Indefinite (Note (a)/(b)/(c))	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	26,572,903	6,064,311	-	-	-	-	-	32,637,214
Deposits with banks and other financial institutions	-	1,912,493	-	-	56,000	-	-	1,968,493
Placements with banks and other financial institutions	-	-	2,950,399	400,714	1,407,429	-	-	4,758,542
Financial assets held under resale agreements	-	-	4,357,613	-	-	-	-	4,357,613
Loans and advances to customers	5,065,685	1,992,995	16,935,268	21,621,353	107,776,386	63,007,261	75,024,710	291,423,658
Financial investments	2,205,929	27,263,225	2,994,044	3,611,213	26,886,062	68,570,504	37,907,670	169,438,647
Others	11,534,643	18,160	1,470	4,723	37,146	71,423	4,484	11,672,049
<b>Total assets</b>	<b>45,379,160</b>	<b>37,251,184</b>	<b>27,238,794</b>	<b>25,638,003</b>	<b>136,163,023</b>	<b>131,649,188</b>	<b>112,936,864</b>	<b>516,256,216</b>
<b>Liabilities</b>								
Borrowing from the central bank	-	-	1,033,817	4,642,196	12,889,066	-	-	18,565,079
Deposits from banks and other financial institutions	-	1,540,129	681,464	3,883,029	10,569,051	53,281	-	16,726,954
Placements from banks and other financial institutions	-	2	-	800,678	2,701,909	-	-	3,502,589
Borrowing from other financial institutions	-	-	1,333,189	604,358	4,481,613	30,322	-	6,449,482
Financial assets sold under repurchase agreements	-	-	6,895,062	1,984,251	773,838	-	-	9,653,151
Deposits from customers	-	144,044,247	14,081,465	14,036,615	78,041,798	96,452,782	3,936,984	350,593,891
Debt securities issued	-	-	7,651,873	6,599,511	43,269,808	-	2,998,822	60,520,014
Others	701,773	609,451	1,219,436	171,269	1,697,597	2,127,660	492,577	7,019,763
<b>Total liabilities</b>	<b>701,773</b>	<b>146,193,829</b>	<b>32,896,306</b>	<b>32,721,907</b>	<b>154,424,680</b>	<b>98,664,045</b>	<b>7,428,383</b>	<b>473,030,923</b>
<b>Long/(short) position</b>	<b>44,677,387</b>	<b>(108,942,645)</b>	<b>(5,657,512)</b>	<b>(7,083,904)</b>	<b>(18,261,657)</b>	<b>32,985,143</b>	<b>105,508,481</b>	<b>43,225,293</b>



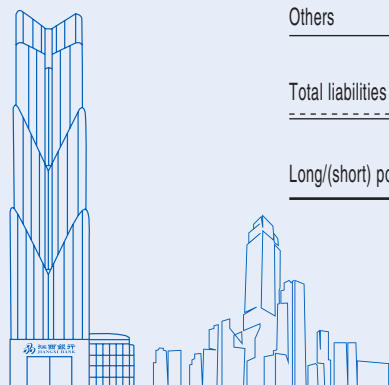
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk (Continued)

	Indefinite (Note (a)/(b)/(c))	Repayable on demand	Within one month	31 December 2021				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	28,102,275	18,362,696	-	-	-	-	-	46,464,971
Deposits with banks and other financial institutions	-	2,076,064	-	-	13,997	-	-	2,090,061
Placements with banks and other financial institutions	-	-	1,769,289	707,747	1,112,167	-	-	3,589,203
Financial assets held under resale agreements	-	-	2,695,943	-	-	-	-	2,695,943
Loans and advances to customers	2,948,609	3,814,676	10,784,969	20,916,831	98,788,891	60,720,135	72,684,114	270,658,225
Financial investments	3,499,503	22,979,853	2,785,891	3,567,750	21,110,183	81,273,325	36,560,775	171,777,280
Others	9,073,091	823,720	14,585	29,624	186,522	646,758	509,825	11,284,125
<b>Total assets</b>	<b>43,623,478</b>	<b>48,057,009</b>	<b>18,050,677</b>	<b>25,221,952</b>	<b>121,211,760</b>	<b>142,640,218</b>	<b>109,754,714</b>	<b>508,559,808</b>
<b>Liabilities</b>								
Borrowing from the central bank	-	-	5,559,475	1,060,458	12,622,268	-	-	19,242,201
Deposits from banks and other financial institutions	-	2,849,836	2,233,406	3,180,900	16,904,466	52,397	-	25,221,005
Placements from banks and other financial institutions	-	-	2,423,295	1,301,770	2,403,268	-	-	6,128,333
Borrowing from other financial institutions	-	-	1,326,585	1,677,639	5,936,948	40,056	-	8,981,228
Financial assets sold under repurchase agreements	-	-	16,283,666	-	-	-	-	16,283,666
Deposits from customers	-	151,235,513	14,817,613	22,736,133	67,613,517	83,376,682	3,946,763	343,726,221
Debt securities issued	-	-	4,662,467	7,541,983	22,897,309	-	5,997,422	41,099,181
Others	533,170	112,563	799,579	1,102,797	1,164,731	1,725,285	806,412	6,244,537
<b>Total liabilities</b>	<b>533,170</b>	<b>154,197,912</b>	<b>48,106,086</b>	<b>38,601,680</b>	<b>129,542,507</b>	<b>85,194,420</b>	<b>10,750,597</b>	<b>466,926,372</b>
<b>Long/(short) position</b>	<b>43,090,308</b>	<b>(106,140,903)</b>	<b>(30,055,409)</b>	<b>(13,379,728)</b>	<b>(8,330,747)</b>	<b>57,445,798</b>	<b>99,004,117</b>	<b>41,633,436</b>



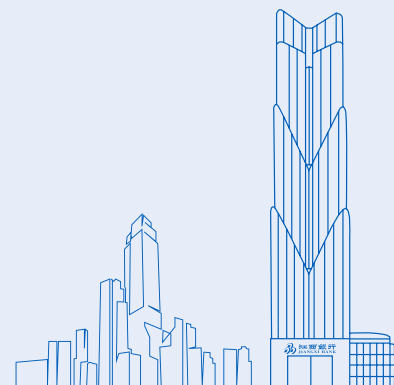
# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk (Continued)

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans as well as those overdue more than one month. Loans and advances to customers with no credit-impairment but overdue within one month are classified into the category of “Repayable on demand”.
- (c) Financial investments comprise financial investments at amortised cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of “Indefinite”.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

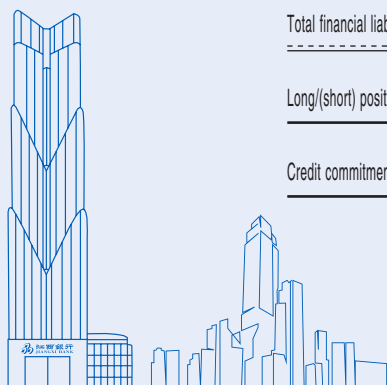
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk (Continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flow and credit commitments at the end of the reporting period:

	30 June 2022								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
<b>Financial assets</b>									
Cash and deposits with the central bank	32,637,214	32,637,214	26,572,903	6,064,311	-	-	-	-	-
Deposits with banks and other financial institutions	1,968,493	2,125,596	-	2,069,596	-	-	56,000	-	-
Placements with banks and other financial institutions	4,758,542	4,798,256	-	-	2,951,117	402,556	1,444,583	-	-
Financial assets held under resale agreements	4,357,613	4,357,657	-	-	4,357,657	-	-	-	-
Loans and advances to customers	291,423,658	365,416,030	4,784,340	3,974,022	14,977,162	24,818,525	119,548,089	89,985,124	107,328,768
Financial investments	169,438,647	194,153,727	4,335,586	27,263,225	1,677,078	4,333,480	32,802,873	79,718,673	44,022,812
Others	2,458,330	2,458,330	1,434,005	1,024,325	-	-	-	-	-
<b>Total financial assets</b>	<b>507,042,497</b>	<b>605,946,810</b>	<b>37,126,834</b>	<b>40,395,479</b>	<b>23,963,014</b>	<b>29,554,561</b>	<b>153,851,545</b>	<b>169,703,797</b>	<b>151,351,580</b>
<b>Financial liabilities</b>									
Borrowing from the central bank	18,565,079	19,569,913	-	-	1,034,841	4,661,620	13,873,452	-	-
Deposits from banks and other financial institutions	16,726,954	17,058,115	-	1,670,855	681,875	4,287,171	10,362,964	55,250	-
Placements from banks and other financial institutions	3,502,589	3,840,673	-	-	-	1,096,437	2,744,236	-	-
Borrowing from other financial institutions	6,449,482	6,568,271	-	-	1,335,819	610,816	4,591,129	30,507	-
Financial assets sold under repurchase agreements	9,653,151	9,669,572	-	-	6,895,062	1,993,640	780,870	-	-
Deposits from customers	350,593,891	356,392,680	-	144,367,495	13,491,305	14,996,559	78,598,249	100,782,013	4,157,059
Debt securities issued	60,520,014	62,000,000	-	-	7,660,000	6,660,000	43,930,000	600,000	3,150,000
<b>Total financial liabilities</b>	<b>466,011,160</b>	<b>475,099,224</b>	<b>-</b>	<b>146,038,350</b>	<b>31,098,902</b>	<b>34,306,243</b>	<b>154,880,900</b>	<b>101,467,770</b>	<b>7,307,059</b>
<b>Long/(short) position</b>	<b>41,031,337</b>	<b>130,847,586</b>	<b>37,126,834</b>	<b>(105,642,871)</b>	<b>(7,135,888)</b>	<b>(4,751,682)</b>	<b>(1,029,355)</b>	<b>68,236,027</b>	<b>144,044,521</b>
<b>Credit commitments</b>	<b>60,825,040</b>	<b>60,825,040</b>	<b>-</b>	<b>16,361,699</b>	<b>4,333,862</b>	<b>7,984,107</b>	<b>26,907,702</b>	<b>4,691,141</b>	<b>546,529</b>



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

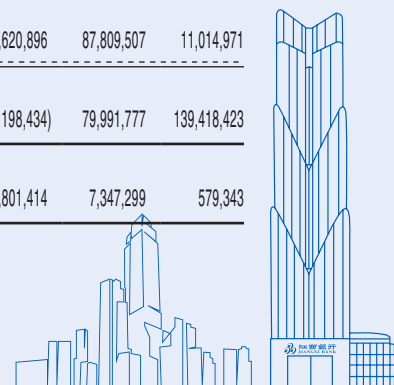
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (c) Liquidity risk (Continued)

	31 December 2021								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
<b>Financial assets</b>									
Cash and deposits with the central bank	46,464,971	46,464,971	28,102,275	18,362,696	-	-	-	-	-
Deposits with banks and other financial institutions	2,090,061	2,090,540	-	2,076,064	-	-	14,476	-	-
Placements with banks and other financial institutions	3,589,203	3,652,705	-	-	1,770,592	724,563	1,157,550	-	-
Financial assets held under resale agreements	2,695,943	2,696,804	-	-	2,696,804	-	-	-	-
Loans and advances to customers	270,658,225	322,304,626	3,005,277	3,814,676	10,796,710	21,062,888	101,276,970	70,808,439	111,539,666
Financial investments	171,777,280	197,214,581	3,504,988	22,979,853	2,877,547	3,992,154	27,973,466	96,992,845	38,893,728
Others	2,145,867	2,145,867	1,305,869	820,522	19,476	-	-	-	-
<b>Total financial assets</b>	<b>499,421,550</b>	<b>576,570,094</b>	<b>35,918,409</b>	<b>48,053,811</b>	<b>18,161,129</b>	<b>25,779,605</b>	<b>130,422,462</b>	<b>167,801,284</b>	<b>150,433,394</b>
<b>Financial liabilities</b>									
Borrowing from the central bank	19,242,201	19,458,200	-	-	5,562,795	1,065,618	12,829,787	-	-
Deposits from banks and other financial institutions	25,221,005	25,768,206	-	2,849,836	2,264,736	3,259,005	17,336,904	57,725	-
Placements from banks and other financial institutions	6,128,333	6,177,072	-	-	2,443,571	1,312,183	2,421,318	-	-
Borrowing from other financial institutions	8,981,228	9,180,811	-	-	1,341,962	1,700,829	6,093,904	44,116	-
Financial assets sold under repurchase agreements	16,283,666	16,289,538	-	-	16,289,538	-	-	-	-
Deposits from customers	343,726,221	351,704,449	-	151,235,513	15,183,553	23,393,763	69,768,983	87,707,666	4,414,971
Debt securities issued	41,099,181	42,020,000	-	-	4,670,000	7,580,000	23,170,000	-	6,600,000
<b>Total financial liabilities</b>	<b>460,681,835</b>	<b>470,598,276</b>	<b>-</b>	<b>154,085,349</b>	<b>47,756,155</b>	<b>38,311,398</b>	<b>131,620,896</b>	<b>87,809,507</b>	<b>11,014,971</b>
<b>Long/(short) position</b>	<b>38,739,715</b>	<b>105,971,818</b>	<b>35,918,409</b>	<b>(106,031,538)</b>	<b>(29,595,026)</b>	<b>(12,531,793)</b>	<b>(1,198,434)</b>	<b>79,991,777</b>	<b>139,418,423</b>
<b>Credit commitments</b>	<b>56,711,848</b>	<b>56,711,848</b>	<b>-</b>	<b>14,531,665</b>	<b>4,885,164</b>	<b>9,566,963</b>	<b>19,801,414</b>	<b>7,347,299</b>	<b>579,343</b>





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 43. RISK MANAGEMENT (Continued)

### (d) Operational risk

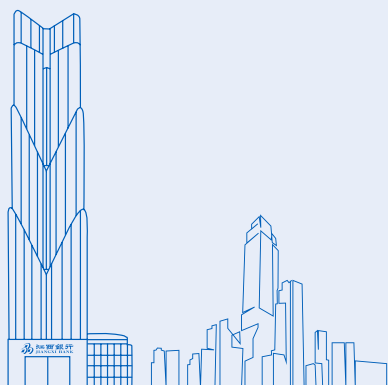
Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

## 44. SUBSEQUENT EVENTS

The Group has no material events for disclosure subsequent to the end of the reporting period.





# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

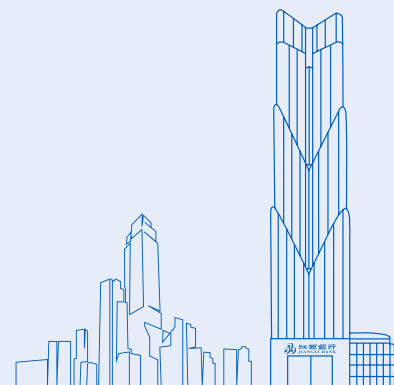
FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

## 45. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2022

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended 30 June 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting period beginning on or after</b>
<i>IFRS 17, Insurance contracts</i>	1 January 2023
<i>Amendments to IAS 1, Classification of liabilities as current or non-current</i>	1 January 2023
<i>Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of accounting policies</i>	1 January 2023
<i>Amendments to IAS 8, Definition of accounting estimates</i>	1 January 2023
<i>Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
<i>Amendments to IFRS 10 and IAS 28, Sales or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.



# UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

The information set out below does not form part of the consolidated financial report and is included herein for information purpose only

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

## 1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

### Liquidity coverage ratio

	30 June 2022	Average for the six months ended 30 June 2022
Liquidity coverage ratio (RMB and foreign currency)	409.76%	401.21%
	31 December 2021	Average for the year ended 31 December 2021
Liquidity coverage ratio (RMB and foreign currency)	387.45%	328.00%

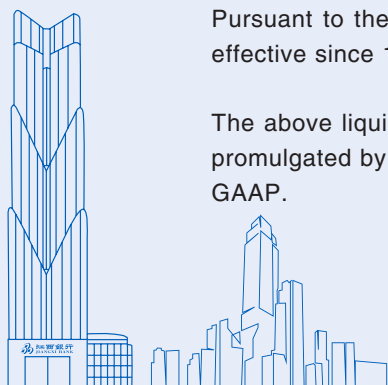
Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

### Leverage Ratio

	30 June 2022	31 December 2021
Leverage Ratio	8.01%	7.98%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the CBIRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the CBIRC and based on the financial information prepared in accordance with PRC GAAP.



## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

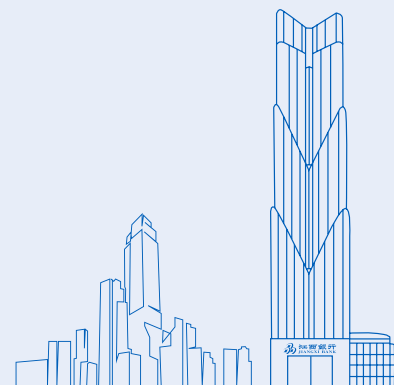
### 2 CURRENCY CONCENTRATIONS

	30 June 2022			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,442,160	9,212	12,358	1,463,730
Spot liabilities	(1,699,520)	(9,224)	(12,329)	(1,721,073)
Net position	(257,360)	(12)	29	(257,343)

	31 December 2021			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,136,107	18,622	23,093	1,177,822
Spot liabilities	(280,766)	(23,397)	(756)	(304,919)
Net position	855,341	(4,775)	22,337	872,903

The Group has no structural position at the end of the reporting period.



## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China and regards all claims on third parties outside Mainland China as international claims.

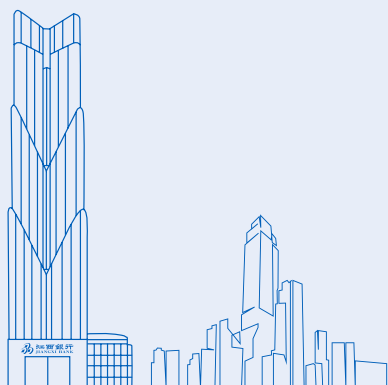
International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	30 June 2022			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	771,966	–	511,164	1,283,130

	31 December 2021			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	584,535	-	-	584,535

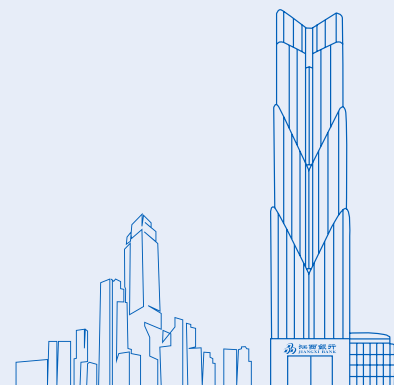


## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

### 4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

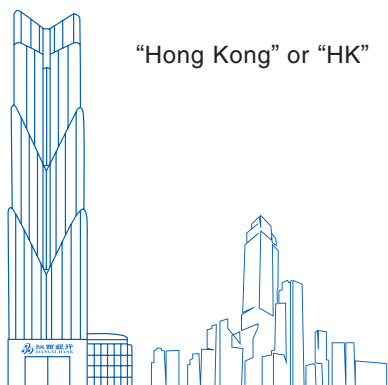
	30 June 2022	31 December 2021
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between 3 and 6 months (inclusive)	1,983,274	539,688
– Between 6 months and 1 year (inclusive)	921,035	785,842
– Over 1 year	2,039,727	1,669,236
<b>Total</b>	<b>4,944,036</b>	<b>2,994,766</b>
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.66%	0.19%
– Between 6 months and 1 year (inclusive)	0.31%	0.29%
– Over 1 year	0.68%	0.60%
<b>Total</b>	<b>1.65%</b>	<b>1.08%</b>



## DEFINITIONS

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

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBIRC Jiangxi Office”	China Banking and Insurance Regulatory Commission Jiangxi Office
“CBRC Jiangxi Office”	China Banking Regulatory Commission Jiangxi Office
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s), with a nominal value of RMB1.00 each in the Bank’s share capital, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the Bank’s share capital, which are listed on the Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC



## DEFINITIONS

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	August 26, 2022, being the latest practicable date prior to the printing of this Report for the purpose of ascertaining certain information contained hereof
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC” or “Central Bank”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the six months from January 1, 2022 to June 30, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

