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JIANGXI BANK CO., LTD.*

江西銀行股份有限公司*

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

(Stock Code: 1916)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board of directors (the “**Board**”) of Jiangxi Bank Co., Ltd.* (the “**Bank**”) is pleased to announce the unaudited consolidated interim results (the “**Interim Results**”) of the Bank and its subsidiaries for the six months ended June 30, 2023. This results announcement, containing the full text of the 2023 interim report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. The Board and the audit committee of the Board have reviewed and confirmed the Interim Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.jx-bank.com). The interim report for the six months ended June 30, 2023 will be dispatched to the shareholders of the Bank and will be available on the above websites in due course.

By Order of the Board
Jiangxi Bank Co., Ltd.*
ZENG Hui
Chairman

Nanchang, the PRC, August 25, 2023

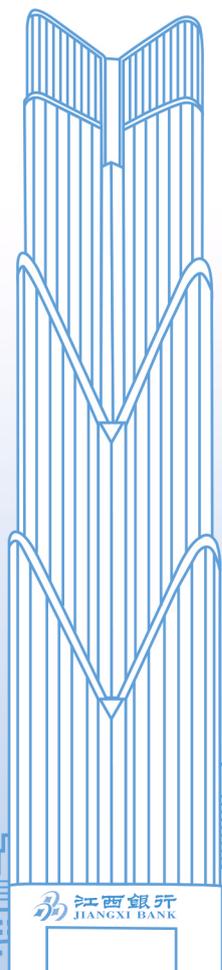
As of the date of this announcement, the board of directors of the Bank comprises Ms. ZENG Hui and Mr. LUO Xiaolin as executive directors; Mr. YU Minxin, Ms. ZHUO Liping, Mr. DENG Yonghang, Ms. XIONG Jiemin and Mr. LI Shuiping as non-executive directors; and Mr. WONG Hin Wing, Ms. WANG Yun, Mr. YANG Ailin and Mr. LIU Xinghua as independent non-executive directors.

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

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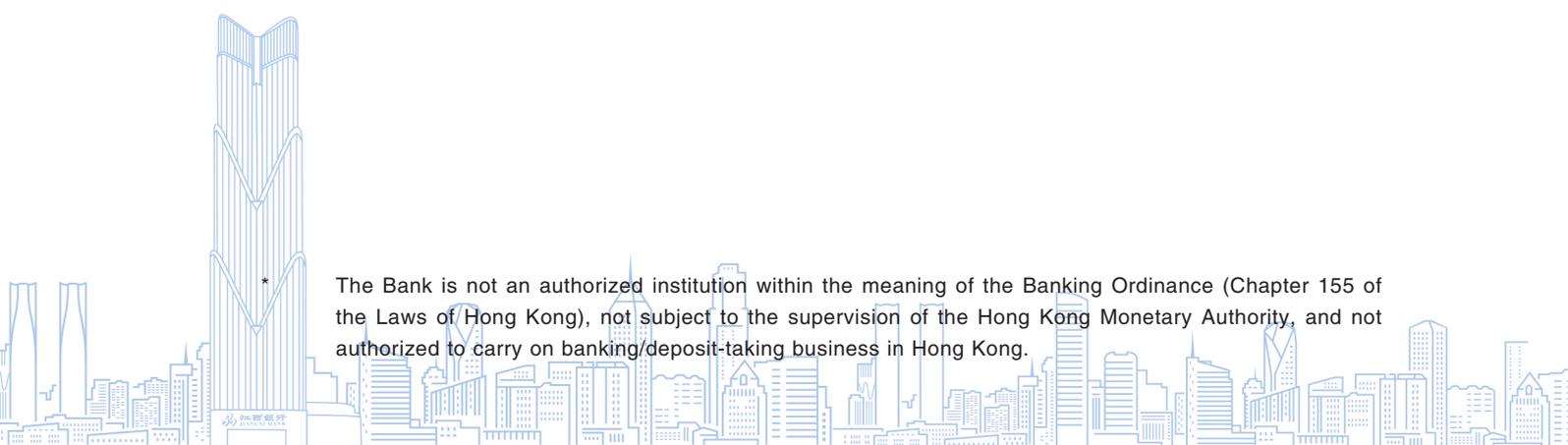
* This interim report is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.



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:	ZENG Hui, NGAI Wai Fung
Joint company secretaries:	NGAI Wai Fung, ZHANG Na
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB 6,024,276,901
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:	JunHe LLP
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.

CHAPTER I COMPANY PROFILE

1.2 MAJOR AWARDS IN THE FIRST HALF OF 2023

In January 2023, the Bank was awarded the title of “Excellent Underwriter” by The Export-Import Bank of China for the 2022 Domestic RMB Financial Bond Underwriting Syndicate.

In February 2023, the Bank’s “Digital Agriculture Financial Service Platform” won the “Best Rural Revitalization Digital Construction Award” of the 9th “Golden Pine Award” in the financial technology industry.

In March 2023, the Bank was awarded the 2022 Banking Industry Good News Award for “Protecting People’s Livelihood” by the China Banking Association.

In March 2023, the Bank was awarded the “Excellent Award” in the 2022 assessment of the rural revitalization of financial institutions in Jiangxi Province by the former Nanchang Central Sub-branch of the PBOC and the former CBIRC Jiangxi Office.

In April 2023, the Bank was elected as a member of the 4th standing committee of the Wealth Management Specialized Committee of the China Banking Association.

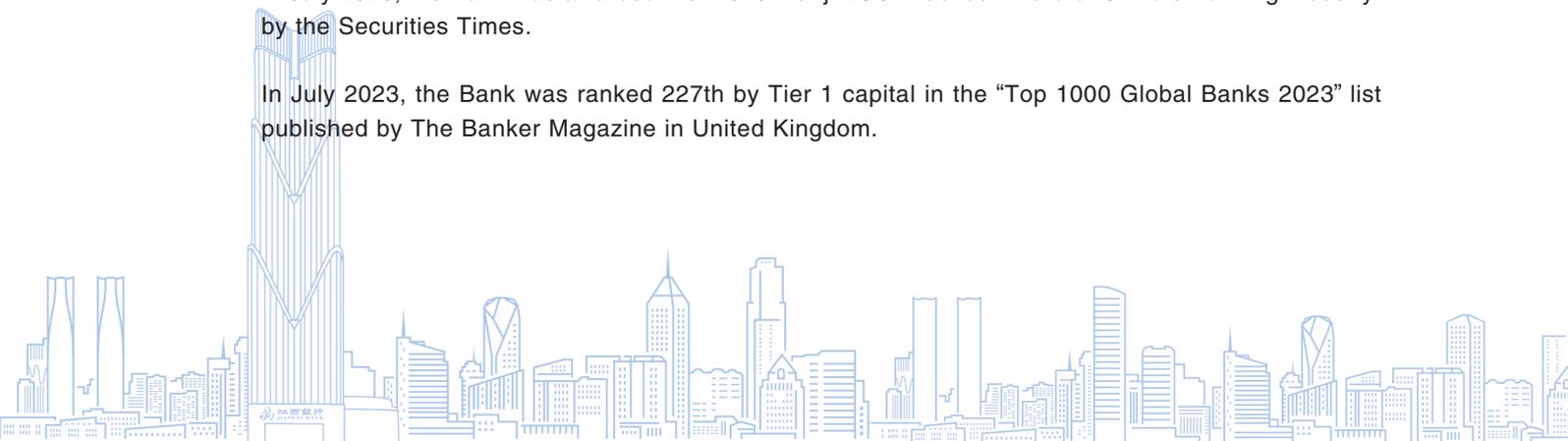
In June 2023, the Bank was awarded the “Excellent Fixed Income Bank Wealth Management Product Award” by PYSTANDARD.

In June 2023, the Bank’s work “If the Illegal Scam Mastermind Tells the Truth” won the “Excellence Award” of the “Bank of China Cup” Jiangxi Province Short Video Competition for Prevention of Illegal Fund Raising, organised by the Jiangxi Provincial Local Financial Supervision and Administration Bureau, the Jiangxi Public Security Department and the Communist Youth League of Jiangxi Province.

In June 2023, the Bank’s new-generation corporate e-bank and corporate mobile banking won the Gold Award in the “6th (2023) Digital Finance Innovation Competition” organized by the Cebnet and the Digital Finance Joint Promotion Year.

In July 2023, the Bank was awarded the “2023 Tianji ESG Practice Award of China’s Banking Industry” by the Securities Times.

In July 2023, the Bank was ranked 227th by Tier 1 capital in the “Top 1000 Global Banks 2023” list published by The Banker Magazine in United Kingdom.



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

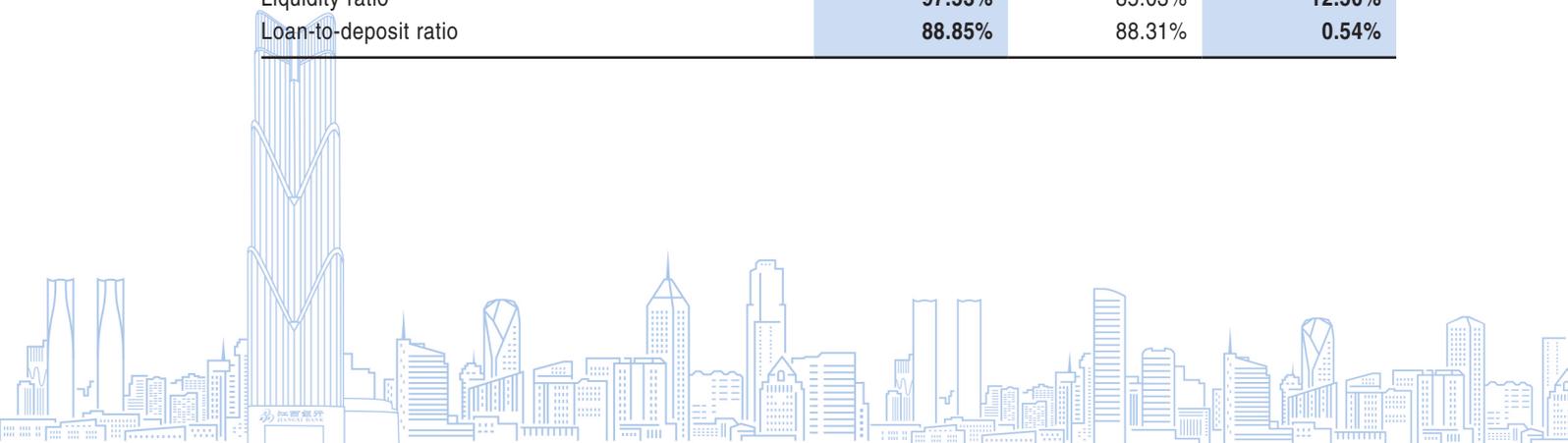
2.1 FINANCIAL DATA

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,		2023 compared to 2022
	2023	2022	
	(in millions of RMB, unless otherwise stated)		
Operating results			Change rate(%)
Net interest income	4,481.64	4,621.67	(3.03)
Net fee and commission income	167.05	373.44	(55.27)
Operating income	5,398.52	6,317.67	(14.55)
Operating expenses	(1,600.05)	(1,543.25)	3.68
Impairment losses on assets	(2,439.36)	(3,207.25)	(23.94)
Profit before taxation	1,362.88	1,570.13	(13.20)
Profit for the period	1,225.88	1,317.34	(6.94)
Profit attributable to equity Shareholders of the Bank	1,201.98	1,281.52	(6.21)
Per share (in RMB/share)			Change rate (%)
Basic earnings per share ⁽¹⁾	0.20	0.21	(4.76)
Basic diluted earnings per share ⁽¹⁾	0.20	0.21	(4.76)
Indicators for profitability			Change
Average return on total assets ⁽²⁾	0.47%	0.52%	(0.05%)
Average return on equity ⁽¹⁾	6.23%	6.80%	(0.57%)
Net interest spread ⁽³⁾	1.74%	1.86%	(0.12%)
Net interest margin ⁽⁴⁾	1.82%	1.92%	(0.10%)
Net fee and commission income to operating income	3.09%	5.91%	(2.82%)
Cost-to-income ratio ⁽⁵⁾	28.25%	23.24%	5.01%

CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	As of June 30, 2023	As of December 31, 2022	The first half of 2023 compared to the end of 2022
(in millions of RMB, unless otherwise stated)			
Indicators for volume			Change rate(%)
Total assets	538,644.06	515,572.66	4.47
Including: net loans and advances to customers	317,544.14	300,312.77	5.74
Total liabilities	490,711.99	468,757.62	4.68
Including: deposits from customers	371,544.08	352,711.37	5.34
Share capital	6,024.28	6,024.28	–
Equity attributable to Shareholders of the Bank	47,141.08	46,047.95	2.37
Non-controlling interests	790.99	767.09	3.12
Total equity	47,932.07	46,815.04	2.39
Net assets per share attributable to shareholders of the Bank (RMB/share) ⁽⁶⁾	6.50	6.32	2.85
Indicators for quality of assets			Change
Non-performing loans ratio	2.17%	2.18%	(0.01%)
Provision coverage ratio ⁽⁷⁾	188.65%	178.05%	10.60%
Provision ratio of loans ⁽⁸⁾	4.10%	3.88%	0.22%
Indicators for capital adequacy ratio			Change
Core tier-one capital adequacy ratio	9.73%	9.65%	0.08%
Tier-one capital adequacy ratio	12.85%	12.82%	0.03%
Capital adequacy ratio	14.02%	14.00%	0.02%
Total equity to total assets	8.90%	9.08%	(0.18%)
Other indicators			Change
Liquidity coverage ratio	414.86%	323.78%	91.08%
Liquidity ratio	97.53%	85.03%	12.50%
Loan-to-deposit ratio	88.85%	88.31%	0.54%



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

- Notes:* (1) Basic earnings per share, diluted earnings per share and average return on equity are calculated in accordance with Preparation Rules for Information Disclosures by Companies Offering Securities to the Public No.9 – Calculations and Disclosures for Return on Net Assets and Earnings Per Share. The Group issued perpetual bonds in August 2021, September and December 2022, which are all classified as other equity instruments. No interests arising from perpetual bonds are declared by the Group in the first half of 2023. Therefore, when calculating the basic earnings per share, diluted earnings per share and average return on equity for the current period, “profit attributable to equity Shareholders of the Bank” did not involve the deduction of the interest from perpetual bonds, and the “average equity” deducted the perpetual bonds.
- (2) Refer to 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.
- (3) Calculated by the difference between the average rate of return on total interest-bearing assets and the average cost ratio of total interest-bearing liabilities, and calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of interest-bearing assets and calculated based on the daily average of the interest-bearing 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 after deducting 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 economy in China presented a sound trend of recovery with progress made in economic growth, market demand, production and supply, employment situation and people' livelihood. According to the preliminary calculation by the National Bureau of Statistics, the gross domestic production in the first half of 2023 amounted to RMB59,303.4 billion, representing an increase of 5.5% over the same period of the previous year. The year-on-year GDP growth was 4.5% and 6.3% for the first quarter and the second quarter, and the economic growth rate in China was significantly higher than that of the world's major developed economies. In the first half of 2023, China's financial system operated smoothly in general, providing stronger support for the economy. As of the end of the Reporting Period, the balance of broad money (M2) amounted to RMB287.3 trillion, representing a year-on-year increase of 11.3%; the balance of RMB loans amounted to RMB230.58 trillion, representing a year-on-year increase of 11.3%; the balance of RMB deposits amounted to RMB278.62 trillion, representing a year-on-year increase of 11%; and the aggregate financing to the real economy (stock) amounted to RMB365.45 trillion, representing a year-on-year increase of 9%.

During the Reporting Period, the economy of Jiangxi Province of China, where the Bank carries out its main business activities, showed a good momentum of steady progress, with the economic operation remaining within a reasonable range and high-quality development being steadily promoted. In the first half of 2023, Jiangxi Province achieved a gross domestic product (GDP) of RMB1,539.94 billion, an increase of 2.4% over the same period of the previous year. The value added of industrial enterprises above designated size increased by 6%, 1.6 percentage points higher than that of the whole country; investment in infrastructures increased by 4.3%, 1.3 percentage points higher than that of the first quarter; total retail sales of consumer goods increased by 5.9%, 2.5 percentage points higher than that of the first quarter, and total import and export of goods increased by 6.3%, ranking 10th nationwide. At present, Jiangxi's development is in a critical stage of spurring with long accumulation, overcoming difficulties, and transforming and upgrading. Although the external environment is facing many uncertain and unstable factors, the pressure of economic downturn is still high, and risks in key areas are increasing, the development momentum is sufficient, with prominent regional advantages, resource advantages, industrial advantages and ecological advantages, multiple positive policy effects and being in an important period of strategic opportunities.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.2 OVERALL OPERATION OVERVIEW

Since the beginning of this year, under the strong leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government, and the scientific supervision of the regulatory authorities, Jiangxi Bank, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implemented the spirit of the 20th CPC National Congress, conscientiously studied and implemented the spirit of General Secretary Xi Jinping's important speeches on his inspection of Jiangxi, and focused on the target requirement of "setting examples and contending for first place," and stayed true to the general principle of pursuing progress while ensuring stability to carry out the new development concept in a complete, accurate and comprehensive manner, leading the quality development by quality party building. All the work has made steady progress, and the overall development has shown a steady and good trend.

The asset scale grew steadily. As of the end of the Reporting Period, the total amount of assets of the Group reached RMB538.644 billion, representing an increase of RMB23.071 billion as compared with the end of last year; the gross loans and advances to customers amounted to RMB330.101 billion, representing an increase of RMB18.620 billion as compared to the end of the previous year; the total amount of deposits from customers was RMB371.544 billion, representing an increase of RMB18.833 billion as compared to the end of the previous year. The capital adequacy ratio, provision coverage ratio, liquidity ratio and non-performing loan ratio were 14.02%, 188.65%, 97.53% and 2.17%, respectively.

The business structure was continuously optimized. The Group's total loans and advances to customers accounted for 61.28% of the total assets, representing an increase of 0.87 percentage points from the end of the previous year, and the asset structure tended to be reasonable. The proportion of total amount of deposits from customers to total liabilities increased by 0.47 percentage points as compared with the end of the previous year, and the average cost ratio further decreased as compared with the previous year, resulting in continuous optimization of the liability structure. The number of new corporate and individual customers reached a record high over the same period of last year, and the customer structure continued to improve.

The brand image was fully renewed. Focusing on "New Jiangxi Bank and Heart-to-Heart Service," we continuously enriched the connotation of brand culture and promoted the improvement of brand image. The Bank successively received a number of honours such as the "Tianji ESG Practice Award of China's Banking Industry," the "6th (2023) Digital Finance Innovation Competition" and the "Excellent Fixed Income Bank Wealth Management Product Award".

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3 PROFIT STATEMENT ANALYSIS

During the Reporting Period, the Group realised RMB1.363 billion in profit before taxation, representing a decrease of RMB207 million or 13.20% over the same period of the previous year, and RMB1.226 billion in net profit, representing a decrease of RMB91 million or 6.94% over the same period of the previous year.

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate(%)
(in millions of RMB, unless otherwise stated)				
Interest income	9,922.14	10,350.97	(428.83)	(4.14)
Interest expense	(5,440.50)	(5,729.30)	288.80	(5.04)
Net interest income	4,481.64	4,621.67	(140.03)	(3.03)
Fee and commission income	214.15	442.98	(228.83)	(51.66)
Fee and commission expense	(47.10)	(69.54)	22.44	(32.27)
Net fee and commission income	167.05	373.44	(206.39)	(55.27)
Net trading gains	45.73	80.27	(34.54)	(43.03)
Net gains arising from financial investments	393.60	1,163.26	(769.66)	(66.16)
Other operating income	310.50	79.03	231.47	292.89
Operating income	5,398.52	6,317.67	(919.15)	(14.55)
Operating expenses	(1,600.05)	(1,543.25)	(56.80)	3.68
Impairment losses on assets	(2,439.36)	(3,207.25)	767.89	(23.94)
Share of profits of associates	3.77	2.96	0.81	27.36
Profit before taxation	1,362.88	1,570.13	(207.25)	(13.20)
Income tax expense	(137.00)	(252.79)	115.79	(45.80)
Net profit for the period	1,225.88	1,317.34	(91.46)	(6.94)
Net profit attributable to equity Shareholders of the Bank	1,201.98	1,281.52	(79.54)	(6.21)
Non-controlling interests	23.90	35.82	(11.92)	(33.28)

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 RMB4.482 billion, representing a decrease of RMB140 million or 3.03% over the same period of the last year, among which: an increase of RMB194 million over the same period of the last year in net interest income as a result of business scale increase, which was mainly due to the Group's efforts to support the development of the real economy and increase credit granting; and a decrease of RMB334 million over the same period of the last year in net interest income as a result of changes in yield or cost ratio, which was mainly because (i) the impact of the decline in the yield of the capital market; (ii) the Group, taking into account the needs of safety and efficiency, adjusted its financial investment allocation strategy, and replaced high-risk non-standardized assets with low-risk and high-liquidity assets such as treasury bonds and government financial bonds.

During the Reporting Period, the net interest income of the Group amounted to RMB3.115 billion, representing an increase of RMB177 million over the same period of last year, which was mainly attributable to the Group's proactive expansion of credit investment and the growth in the scale of loans and advances granted to offset the adverse impact of the decline in interest rates.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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 ratio of interest-bearing liabilities for the periods indicated.

	2023		For the six months ended June 30, 2022			
	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)					
Interest-bearing assets						
Loans and advances to customers	322,844.57	7,244.00	4.48%	286,349.37	6,969.52	4.86%
Financial investments	117,061.32	2,258.12	3.86%	133,099.80	2,903.63	4.36%
Deposits with the PBOC	30,459.86	220.59	1.44%	32,917.23	228.54	1.38%
Deposits with banks and other financial institutions	2,022.31	5.38	0.54%	1,911.90	3.14	0.32%
Financial assets held under resale agreements	15,083.90	124.26	1.64%	23,376.84	203.20	1.74%
Placements with banks and other financial institutions	4,557.17	69.79	3.06%	3,242.58	42.94	2.64%
Total interest-bearing assets	492,029.13	9,922.14	4.04%	480,897.72	10,350.97	4.30%
Interest-bearing liabilities						
Deposits from customers	356,361.25	4,128.91	2.32%	338,850.58	4,031.22	2.38%
Deposits from banks and other financial institutions	11,769.71	137.44	2.34%	21,684.41	286.70	2.64%
Borrowing from the PBOC ⁽¹⁾	20,411.72	250.34	2.46%	16,365.86	194.35	2.38%
Placements from banks and other financial institutions	4,577.95	53.73	2.34%	4,310.39	60.42	2.80%
Financial assets sold under repurchase agreements	24,586.13	197.21	1.60%	26,677.05	231.02	1.74%
Debt securities issued	52,864.38	639.56	2.42%	52,659.08	764.23	2.90%
Borrowing from other financial institutions	2,038.35	33.31	3.26%	8,337.05	161.36	3.88%
Total interest-bearing liabilities	472,609.49	5,440.50	2.30%	468,884.42	5,729.30	2.44%
Net interest income		4,481.64			4,621.67	
Net interest spread		1.74%			1.86%	
Net interest margin		1.82%			1.92%	

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 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 2023 with 2022		
	Reasons for increase/(decrease) Volume ⁽¹⁾ (in millions of RMB, unless otherwise stated)	rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
Interest-bearing assets			
Loans and advances to customers	888.26	(613.78)	274.48
Financial investments	(349.89)	(295.62)	(645.51)
Deposits with the PBOC	(17.06)	9.11	(7.95)
Deposits with banks and other financial institutions	0.18	2.06	2.24
Financial assets held under resale agreements	(72.09)	(6.85)	(78.94)
Placements with banks and other financial institutions	17.41	9.44	26.85
Changes in interest income	239.60	(668.43)	(428.83)
Interest-bearing liabilities			
Deposits from customers	208.32	(110.63)	97.69
Deposits from banks and other financial institutions	(131.09)	(18.17)	(149.26)
Borrowing from the PBOC ⁽⁴⁾	48.05	7.94	55.99
Placements from banks and other financial institutions	3.75	(10.44)	(6.69)
Financial assets sold under repurchase agreements	(18.11)	(15.70)	(33.81)
Debt securities issued	2.98	(127.65)	(124.67)
Borrowing from other financial institutions	(121.91)	(6.14)	(128.05)
Changes in interest expense	45.52	(334.32)	(288.80)
Changes in net interest income	194.08	(334.11)	(140.03)
Including: Changes in net interest income from deposits and loans	679.94	(503.15)	176.79

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 RMB9.922 billion, representing a decrease of RMB429 million, or 4.14% as compare to the same period of the last year. The decrease in interest income was mainly due to a decrease in the yield of the Group's loans and advances to customers and financial investment business as a result of a more market-oriented interest rate policies and the downward trend of the macro market interest rate.

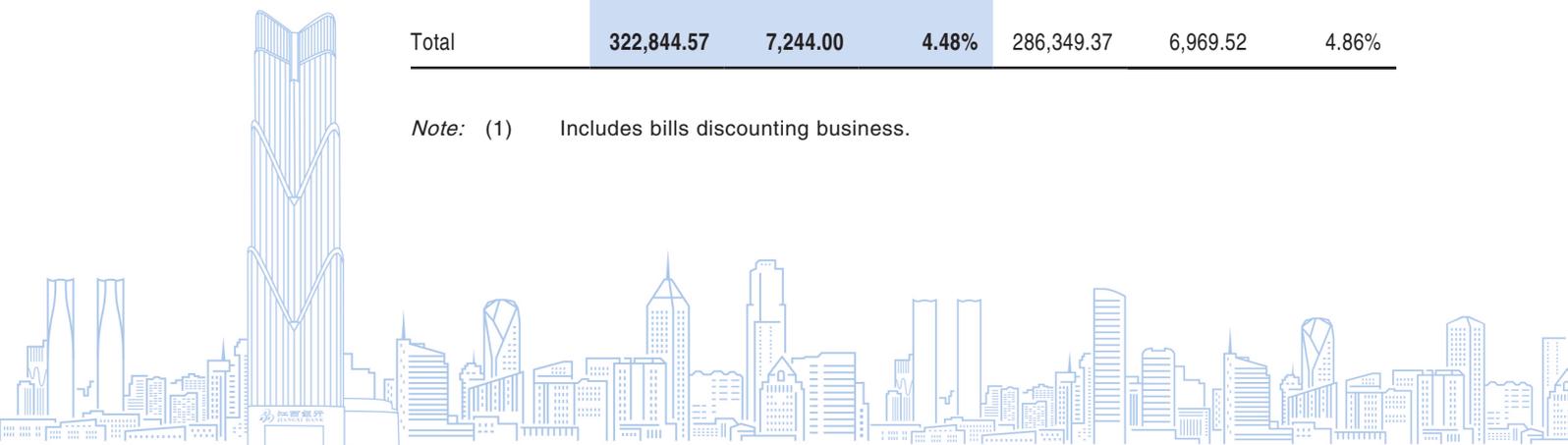
1 Interest income from loans and advances to customers

During the Reporting Period, the Group achieved interest income of loans and advances to customers of RMB7.244 billion, representing an increase of RMB274 million, or 3.94% as compare to the same period of the last year. It was mainly due to the fact that the Group continued to increase the scale of loans granted with various features that benefited the general public, which offset the adverse impact brought by the decline in market interest rates.

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	2023 Interest income	Average yield	Average balance	2022 Interest income	Average yield
Corporate loans and advances ⁽¹⁾	239,090.28	5,255.74	4.40%	206,624.90	4,849.91	4.70%
Personal loans and advances	83,754.29	1,988.26	4.74%	79,724.47	2,119.61	5.32%
Total	322,844.57	7,244.00	4.48%	286,349.37	6,969.52	4.86%

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 RMB2.258 billion, representing a decrease of RMB646 million, or 22.23% as compare to the same period of the last year. It was mainly due to (i) the impact of the decline in the market interest rates; (ii) the Group, taking into account the needs of safety and efficiency, adjusted its financial investment allocation strategy and increased its holding of low-risk liquid assets; (iii) the average balance of financial investments decreased by RMB16.038 billion as compared with the same period of last year as the Group implemented regulatory requirements and reduced the non-standardized assets with higher yield.

3 *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 RMB124 million, representing a decrease of RMB79 million, or 38.85% as compare to the same period of the last year. It was primarily due to the combined effect of the decrease in the scale of financial assets held under resale agreements and the decrease in the average yield of the Group during the Reporting Period.

4 *Interest income from placements with banks and other financial institutions*

During the Reporting Period, the Group's interest income from placements with banks and other financial institutions was RMB70 million, representing an increase of RMB27 million, or 62.53% over the same period of last year. It was primarily due to an increase in the scale of the placements with banks and other financial institutions during the Reporting Period.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

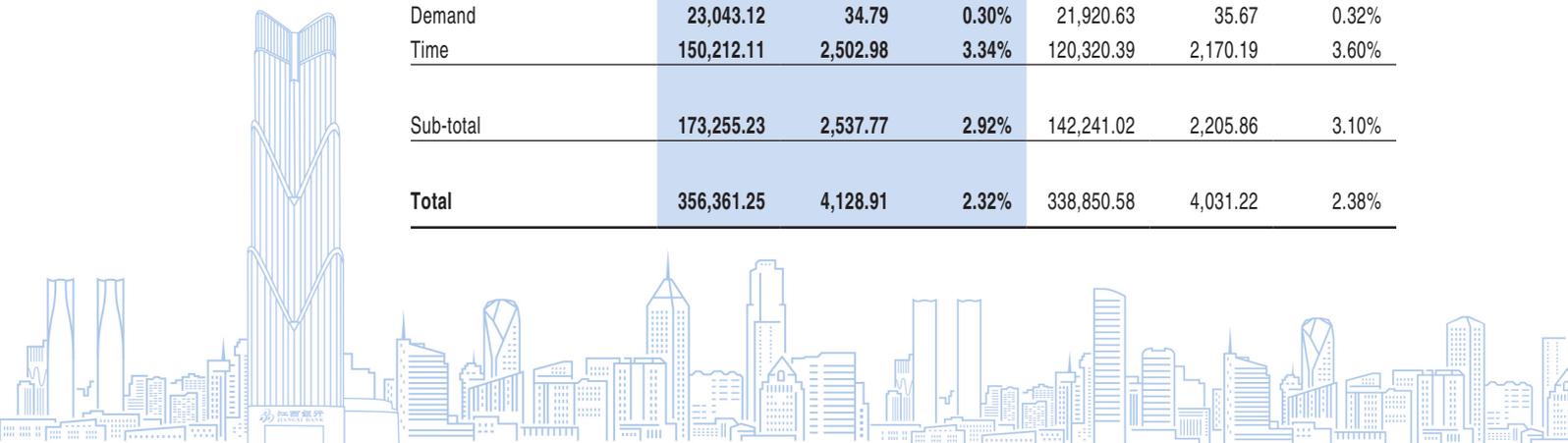
3.3.3 Interest Expense

During the Reporting Period, the Group achieved interest expense of RMB5.441 billion, representing a decrease of RMB289 million, or 5.04% as compare to the same period of the last year. The decrease in the interest expense was primarily attributable to the impact of the decrease in market interest rates and the Group's efforts to control interest costs during the Reporting Period.

1 Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers was RMB4.129 billion, representing an increase of RMB98 million, or 2.42% as compare to the same period of the last year, mainly due to the increase in the average balance of deposits from customers of the Group, which was partially offset by the decrease in the average cost ratio of deposits from customers. The decrease in the average cost ratio was mainly due to the Group's efforts to adjust the deposit structure and control the cost of paying interest on deposits.

	For the six months ended June 30,					
	Average balance	2023 Interest expense	Average cost ratio	Average balance	2022 Interest expense	Average cost ratio
	(in millions of RMB, unless otherwise stated)					
Corporate deposits						
Demand	107,124.48	655.06	1.22%	120,802.55	795.92	1.32%
Time	75,981.54	936.08	2.46%	75,807.01	1,029.44	2.72%
Sub-total	183,106.02	1,591.14	1.74%	196,609.56	1,825.36	1.86%
Personal deposits						
Demand	23,043.12	34.79	0.30%	21,920.63	35.67	0.32%
Time	150,212.11	2,502.98	3.34%	120,320.39	2,170.19	3.60%
Sub-total	173,255.23	2,537.77	2.92%	142,241.02	2,205.86	3.10%
Total	356,361.25	4,128.91	2.32%	338,850.58	4,031.22	2.38%



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2 *Deposits from banks and other financial institutions*

During the Reporting Period, the Group's interest expense on deposits from banks and other financial institutions was RMB137 million, representing a decrease of RMB149 million, or 52.06% 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.

3 *Borrowing from the PBOC*

During the Reporting Period, the Group's interest expense on borrowings from the PBOC was RMB250 million, representing an increase of RMB56 million, or 28.81% as compare to the same period of the last year. It was mainly due to the increase of RMB4,046 million in the average balance of borrowing from the PBOC as compared with the same period of last year as the PBOC provided more monetary policy support tools to the Group during the Reporting Period.

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 RMB197 million, representing a decrease of RMB34 million, or 14.64% as compare to the same period of the last year. It was primarily due to the decrease in the average balance as well as the decline in average cost ratio of the Group's financial assets sold under repurchase agreements 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 RMB640 million, representing a decrease of RMB125 million, or 16.31% as compared to the same period of the last year. It was mainly due to the impact of downward market rates and the Group's reasonable equalization of the maturity and cost of certificates of interbank deposit, resulting in a decrease in the interest rate of certificates of interbank deposit.

6 *Interest expense from other financial institutions borrowings*

During the Reporting Period, the interest expense from other financial institutions borrowings amounted to RMB33 million, representing a decrease of RMB128 million, or 79.36% as compared to the same period of the last year. It was mainly due to a decrease of the scale of other financial institutions borrowings of our Group during the Reporting Period.

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3.3.4 Non-interest Income

1 Net fee and commission income

During the Reporting Period, the Group realized a net fee and commission income of RMB167 million, representing a decrease of RMB206 million, or 55.27% as compared to the same period of the last year. The decrease of the fee and commission income was primarily due to the decrease in agency and custody service fees, of which, the fee income of agent wealth management decreased by RMB172 million as compared with the same period of the last year as affected by the fluctuations of the asset and wealth management market in the first half of the year.

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Fee and commission income	214.15	442.98	(228.83)	(51.66)
Agency and custody service fees	87.10	254.67	(167.57)	(65.80)
Acceptance and guarantee service fees	35.38	93.46	(58.08)	(62.14)
Bank card service fees	37.14	37.63	(0.49)	(1.30)
Settlement and electronic channel business fees	46.37	38.48	7.89	20.50
Financial leasing service fees	1.31	15.71	(14.40)	(91.66)
Advisory and consulting fees	0.01	0.46	(0.45)	(97.83)
Others	6.84	2.57	4.27	166.15
Fee and commission expense	(47.10)	(69.54)	22.44	(32.27)
Platform cooperation fees	(3.88)	(3.90)	0.02	(0.51)
Financial leasing service fees	(0.20)	(10.36)	10.16	(98.07)
Settlement and clearing fees	(13.07)	(20.75)	7.68	(37.01)
Transaction fees	(29.55)	(34.43)	4.88	(14.17)
Others	(0.40)	(0.10)	(0.30)	300.00
Net fee and commission income	167.05	373.44	(206.39)	(55.27)

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Net trading gains

During the Reporting Period, the Group's net trading gains were RMB46 million, representing a decrease of RMB35 million or 43.03% 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 RMB394 million, representing a decrease of RMB770 million or 66.16% as compared to the same period of the last year, which was mainly due to the decrease in fair value recorded in profit or loss of financial assets at fair value through profit or loss of the Group during the Reporting Period as compared with the corresponding period of last year.

4 Other operating income

During the Reporting Period, the Group's other operating income was RMB311 million, representing an increase of RMB231 million or 292.89% over the same period of last year, which was mainly due to the increase in exchange gains and policy grants of the Group during the Reporting Period.

3.3.5 Operating Expenses

During the Reporting Period, the Group's operating expenses were RMB1.600 billion, representing an increase of RMB57 million or 3.68% as compared to the same period of the last year. This was mainly due to the increase in business marketing expenses as a result of the increase in economic activities of the Group after the end of the pandemic.

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	901.56	888.19	13.37	1.51
Depreciation and amortisation	232.15	228.71	3.44	1.50
Tax and surcharges	75.10	74.91	0.19	0.25
Interest expense on lease liabilities	17.64	18.29	(0.65)	(3.55)
Other general and administrative expenses	373.60	333.15	40.45	12.14
Total	1,600.05	1,543.25	56.80	3.68

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

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Staff costs				
Salaries, bonuses and allowances	608.62	589.60	19.02	3.23
Social insurance and supplementary retirement benefits	137.43	145.76	(8.33)	(5.71)
Housing fund	60.18	58.63	1.55	2.64
Staff welfare	44.48	40.32	4.16	10.32
Employee education expenses and labor union expenses	23.08	26.27	(3.19)	(12.14)
Others	27.77	27.61	0.16	0.58
Total	901.56	888.19	13.37	1.51

During the Reporting Period, the Group's staff costs were RMB902 million, representing an increase of RMB13 million or 1.51% as compared to the same period of the last year.

During the Reporting Period, the Group's other general and administrative expenses were RMB374 million, representing an increase of RMB40 million or 12.14% as compared to the same period of the last year, which was mainly due to the normal growth of the Group's business as a result of the end of the pandemic.



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3.3.6 Impairment Losses on Assets

The Group adopted the New Financial Instruments Standards, based on the expected credit loss model, and based on the quantitative risk parameters such as customer default probability and default loss rate, combined with macro forward-looking adjustments, made provisions for credit risk loss, and continuously strengthened the risk compensation capability in key areas. Based on the actual credit risk during the Reporting Period and the previous accrued basis, the Group's impairment losses on assets for the period amounted to RMB2.439 billion, representing a decrease of RMB768 million or 23.94% as compared with the same period of last year.

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	2,453.30	2,239.51	213.79	9.55
Financial investments	146.28	732.44	(586.16)	(80.03)
Others	(160.22)	235.30	(395.52)	(168.09)
Total	2,439.36	3,207.25	(767.89)	(23.94)

3.3.7 Income Tax Expense

During the Reporting Period, the Group's income tax expense was RMB137 million, representing a decrease of RMB116 million, or 45.80% as compared to the same period of the last year, which was mainly due to the increase of tax-free income and the decrease of profit before tax of the Group.

	For the six months ended June 30,			
	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current tax	913.04	759.42	153.62	20.23
Changes in deferred tax	(776.04)	(506.63)	(269.41)	53.18
Total	137.00	252.79	(115.79)	(45.80)

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

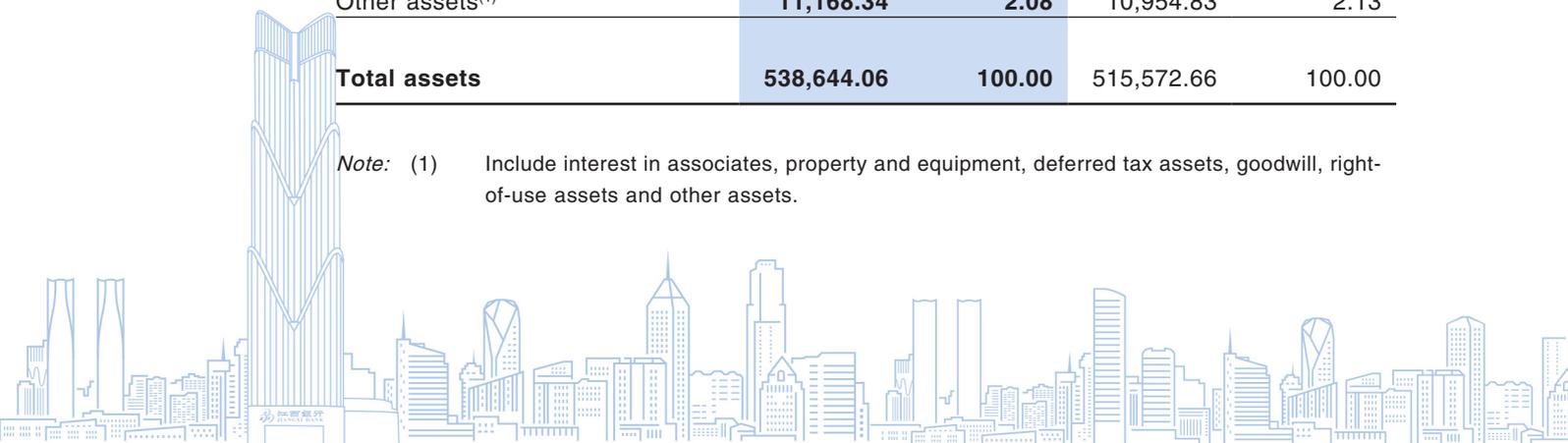
3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

3.4.1 Assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB538.644 billion, representing an increase of RMB23.071 billion, or 4.47% as compared with the end of the previous year. The increase of total assets was mainly due to the increase in Group's gross loans and advances to customers, financial investments and placements with banks and other financial institutions.

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	330,101.00	—	311,481.17	—
Loans and advances to customers accrued interest	899.41	—	816.21	—
Allowances for impairment losses on loans and advances to customers	(13,456.27)	—	(11,984.61)	—
Net loans and advances to customers	317,544.14	58.95	300,312.77	58.25
Financial investments	163,515.65	30.36	157,096.89	30.47
Cash and deposits with the PBOC	34,965.08	6.49	35,792.75	6.94
Deposits with banks and other financial institutions	1,989.19	0.37	1,451.50	0.28
Financial assets held under resale agreements	723.93	0.13	4,331.58	0.84
Placements with banks and other financial institutions	8,737.73	1.62	5,632.34	1.09
Other assets ⁽¹⁾	11,168.34	2.08	10,954.83	2.13
Total assets	538,644.06	100.00	515,572.66	100.00

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 RMB330.101 billion, representing an increase of RMB18.620 billion, or 5.98% 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, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortised cost				
Corporate loans and advances	204,020.04	61.81	183,678.11	58.97
Personal loans and advances	85,062.82	25.77	83,651.98	26.86
Sub-total	289,082.86	87.58	267,330.09	85.83
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	8,822.25	2.67	5,626.03	1.80
Discounted bills	32,195.89	9.75	38,525.05	12.37
Sub-total	41,018.14	12.42	44,151.08	14.17
Gross loans and advances to customers	330,101.00	100.00	311,481.17	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 RMB245.038 billion, representing an increase of RMB17.209 billion, or 7.55% as compared with the end of the previous year. During the Reporting Period, the Group adhered to the philosophy of "serving the urban and rural residents, small and medium-sized enterprises and local economy"; and continued to increase loans to major key projects, rural revitalization and green finance and others, thereby realizing a steady growth in corporate loans.

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Personal loans and advances

As of the end of the Reporting Period, the Group's gross personal loans and advances amounted to RMB85.063 billion, representing an increase of RMB1.411 billion, or 1.69% as compared with the end of the previous year. It was mainly due to the Group's active adjustment of its personal loan structure and the increased investment in operating loans to individual businesses, new citizens and new agricultural business entities.

2 *Financial investments*

During the Reporting Period, the Group continued to optimize the investment structure of financial assets and increase the allocation of bonds and other standardized assets. As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB163.516 billion, representing an increase of RMB6.419 billion or 4.09% compared to the end of the previous year.

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Financial investments				
– Financial investments at amortised cost	91,104.55	55.72	90,065.86	57.33
– Financial investments at fair value through profit or loss	46,751.55	28.59	43,546.14	27.72
– Financial investments at fair value through other comprehensive income	25,659.55	15.69	23,484.89	14.95
Total	163,515.65	100.00	157,096.89	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Distribution of financial investments				
Debt securities				
Chinese government bonds	41,182.61	25.19	38,674.95	24.62
Policy bank bonds	43,032.78	26.32	34,625.74	22.04
Commercial banks and other financial institutions bonds	7,745.89	4.74	3,097.73	1.97
Corporate bonds	11,764.02	7.19	11,057.41	7.04
Sub-total	103,725.30	63.44	87,455.83	55.67
Other financial investments				
Fund investments ⁽¹⁾	29,418.63	17.99	28,504.85	18.15
Equity instrument investments	192.40	0.12	199.54	0.13
Investment management products managed by securities companies and trust plans	28,566.76	17.47	39,609.39	25.21
Sub-total	58,177.79	35.58	68,313.78	43.49
Accrued interest	1,612.56	0.98	1,327.28	0.84
Total	163,515.65	100.00	157,096.89	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 RMB490.712 billion, representing an increase of RMB21.954 billion, or 4.68% as compared with the end of the previous year. It was mainly due to the increase in deposits from customers, borrowings from the central bank and debt securities issued of the Group.

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	371,544.08	75.72	352,711.37	75.24
Deposits from banks and other financial institutions	12,596.22	2.57	13,266.96	2.83
Borrowing from the central bank	22,985.67	4.68	18,797.98	4.01
Borrowing from other financial institutions	1,773.16	0.36	4,302.92	0.92
Placements from banks and other financial institutions	4,002.62	0.82	4,103.53	0.88
Financial assets sold under repurchase agreements	16,907.82	3.45	17,209.18	3.67
Debt securities issued	55,964.92	11.40	52,161.88	11.13
Income tax payable	503.93	0.10	850.05	0.18
Other liabilities ⁽¹⁾	4,433.57	0.90	5,353.75	1.14
Total liabilities	490,711.99	100.00	468,757.62	100.00

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



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1 Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB371.544 billion, representing an increase of RMB18.833 billion, or 5.34% as compared with the end of the previous year.

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
– Corporate customers	104,361.59	28.09	108,088.43	30.65
– Individual customers	23,523.43	6.33	24,080.47	6.83
Sub-total	127,885.02	34.42	132,168.90	37.48
Time deposits				
– Corporate customers	64,343.38	17.32	61,701.95	17.49
– Individual customers	155,330.93	41.81	136,470.10	38.69
Sub-total	219,674.31	59.13	198,172.05	56.18
Pledged deposits				
– Acceptances	13,104.89	3.53	13,178.99	3.74
– Letters of guarantees	1,704.86	0.46	1,938.13	0.55
– Letters of credit	3,019.26	0.81	2,483.32	0.70
– Others	25.70	0.01	18.08	0.01
Sub-total	17,854.71	4.81	17,618.52	5.00
Inward and outward remittances	82.96	0.02	45.21	0.01
Accrued interest	6,047.08	1.62	4,706.69	1.33
Total	371,544.08	100.00	352,711.37	100.00

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB12.596 billion, representing a decrease of RMB671 million, or 5.06% 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 while maintaining stable sources of funds.

3 *Borrowing from the central bank*

As at the end of the Reporting Period, the Group's borrowings from the central bank amounted to RMB22.986 billion, representing an increase of RMB4.188 billion or 22.28% from the end of the previous year. This was mainly because the Group increased its credit support for inclusive finance and obtained the re-lending support from the central bank to support small and micro enterprises.

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 RMB16.908 billion, representing a decrease of RMB301 million, or 1.75% as compared with the end of the previous year.

5 *Debt securities issued*

As of the end of the Reporting Period, the Group's debt securities issued was RMB55.965 billion, representing an increase of RMB3.803 billion, or 7.29% as compared with the end of the previous year. This was mainly due to the Group increased the issue size of certificates of interbank deposit according to the changes in market supply and demand and the needs for management of asset and liability during the Reporting Period.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Group's total equity was RMB47.932 billion, representing an increase of RMB1.117 billion, or 2.39% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB47.141 billion, representing an increase of RMB1.093 billion, or 2.37% 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 because the profit realised by the Group during the Reporting Period was transferred to retained earnings after the distribution of 2022 dividends.

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	12.57	6,024.28	12.87
Capital reserve	13,291.25	27.73	13,291.25	28.39
Surplus reserve	3,220.43	6.72	3,220.43	6.88
General reserve	7,019.10	14.64	7,019.10	14.99
Other comprehensive income	491.85	1.03	299.49	0.64
Retained earnings	9,096.21	18.97	8,195.44	17.51
Other equity instruments	7,997.96	16.69	7,997.96	17.08
Total equity attributable to equity shareholders of the Bank	47,141.08	98.35	46,047.95	98.36
Non-controlling interests	790.99	1.65	767.09	1.64
Total equity	47,932.07	100.00	46,815.04	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, post-loan management and mortgage and pledge guarantee.

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

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	26,112.03	50.74	29,296.02	52.21
Letters of credit	11,062.74	21.49	8,217.02	14.64
Unused credit card commitments	8,077.30	15.69	7,639.96	13.61
Letters of guarantees	6,170.32	11.99	10,923.20	19.46
Loan commitments	40.00	0.08	40.00	0.06
Sub-total	51,462.40	99.99	56,116.20	99.98
Capital commitments	4.33	0.01	3.29	0.02
Total	51,466.73	100.00	56,119.49	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB330.101 billion, representing an increase of RMB18.620 billion, or 5.98% as compared with that at the end of the previous year.

3.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of June 30, 2023		As of December 31, 2022	
	Total	% of total (%)	Total	% of total (%)
	(in millions of RMB, unless otherwise specified)			
Normal	303,597.16	91.98	285,627.62	91.70
Special mention	19,326.98	5.85	19,072.31	6.12
Substandard	2,671.77	0.80	3,455.73	1.11
Doubtful	3,419.50	1.04	2,483.87	0.80
Loss	1,085.59	0.33	841.64	0.27
Gross loans and advances to customers	330,101.00	100.00	311,481.17	100.00
Non-performing loans and non-performing loans ratio	7,176.86	2.17	6,781.24	2.18
Allowances for impairment losses	13,539.08		12,073.74	
Including: Allowances for impairment losses on loans and advances to customers measured at amortised cost	13,456.27		11,984.61	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	82.81		89.13	

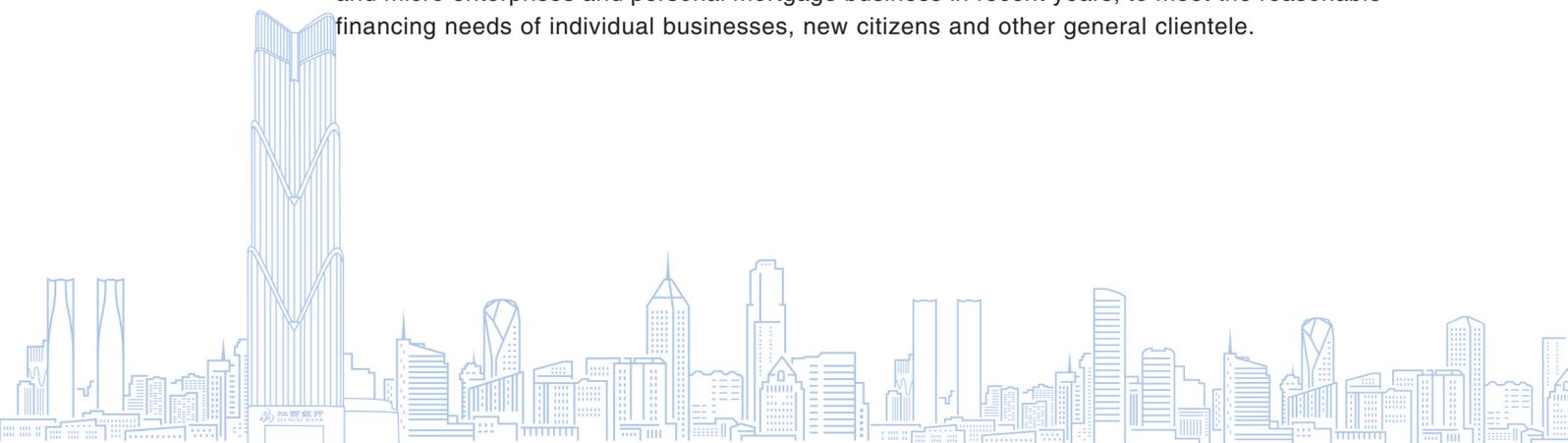
As of the end of the Reporting Period, the Group's gross normal loans amounted to RMB303.597 billion, accounting for 91.98%. The proportion of normal loans increased by 0.28 percentage points compared with that at the end of the previous year. The gross special mention loans amounted to RMB19.327 billion, accounting for 5.85%. The proportion of special mention loans decreased by 0.27 percentage points compared with that at the end of the previous year. The total amount of non-performing loans was RMB7.177 billion, representing an increase of RMB396 million or 5.83% compared with that as at the end of last year; The non-performing loan ratio was 2.17%. The ratio decreased by 0.01 percentage point compared with that at the end of the previous year.

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	As of June 30, 2023				As of December 31, 2022			
	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	212,842.29	64.48	5,549.52	2.61	189,304.14	60.77	5,710.49	3.02
Personal loans and advances	85,062.82	25.77	1,627.34	1.91	83,651.98	26.86	1,070.75	1.28
Discounted bills	32,195.89	9.75	-	-	38,525.05	12.37	-	-
Total	330,101.00	100.00	7,176.86	2.17	311,481.17	100.00	6,781.24	2.18

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB330.101 billion, representing an increase of RMB18.620 billion as compared with the end of last year. The gross corporate loans and advances increased by RMB23.538 billion, or 12.43% as compared with the end of last year; and the non-performing ratio of the corporate loans and advances reached 2.61%, representing a decrease of 0.41 percentage points compared with that at the end of the previous year. The gross personal loans and advances increased by RMB1.411 billion, or 1.69% compared with that at the end of the previous year. The non-performing ratio of the personal loans and advances reached 1.91%, representing an increase of 0.63 percentage points compared with that at the end of the previous year. The amount of discounted bills decreased by RMB6.329 billion, or 16.43% as compared with the end of last year. The total amount of non-performing loans of the Group reached RMB7.177 billion, representing an increase of RMB396 million as compared with the end of last year. Among this, the amount of corporate non-performing loans decreased by RMB161 million; and the amount of personal non-performing loans increased by RMB557 million compared with that at the end of the previous year, which was mainly because the Group invested more in the inclusive small and micro enterprises and personal mortgage business in recent years, to meet the reasonable financing needs of individual businesses, new citizens and other general clientele.



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3.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of June 30, 2023				As of December 31, 2022			
	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	5,576.77	1.69	67.25	1.21	4,877.84	1.57	183.96	3.77
Mining	1,871.48	0.57	-	-	1,978.76	0.64	-	-
Manufacturing	21,943.76	6.65	524.42	2.39	20,700.40	6.65	581.26	2.81
Production and distribution of electricity, heating power, gas and water	2,203.02	0.67	15.91	0.72	2,379.33	0.76	15.91	0.67
Construction	24,576.89	7.45	1,033.07	4.20	20,794.23	6.68	1,042.05	5.01
Wholesale and retail trade	32,363.50	9.80	3,318.82	10.25	27,268.36	8.75	3,078.01	11.29
Transportation, storage and postal services	6,757.36	2.05	106.38	1.57	5,995.44	1.92	14.28	0.24
Accommodation and catering	693.71	0.21	30.64	4.42	348.24	0.11	34.39	9.87
Information transmission, software and information technology services	1,201.67	0.36	19.79	1.65	1,056.39	0.34	16.80	1.59
Finance	3,569.80	1.08	-	-	3,670.49	1.18	-	-
Real estate	10,820.54	3.28	168.91	1.56	9,336.32	3.00	307.33	3.29
Leasing and commercial services	62,721.87	18.99	183.56	0.29	59,994.25	19.25	356.50	0.59
Scientific research and technical services	4,084.47	1.24	-	-	557.03	0.18	-	-
Water conservancy, environment and public facility management	29,663.88	8.99	4.97	0.02	25,917.41	8.32	5.17	0.02
Residents services, repairs and other services	399.28	0.12	10.57	2.65	287.83	0.09	11.00	3.82
Education	1,070.47	0.32	60.00	5.61	1,247.84	0.40	60.00	4.81
Health, social security and social welfare	1,676.88	0.51	-	-	1,367.88	0.44	-	-
Culture, sports, and entertainment	1,646.94	0.50	5.23	0.32	1,526.10	0.49	3.83	0.25
Total amount of corporate loans and advances	212,842.29	64.48	5,549.52	2.61	189,304.14	60.77	5,710.49	3.02
Total amount of personal loans and advances	85,062.82	25.77	1,627.34	1.91	83,651.98	26.86	1,070.75	1.28
Discounted bills	32,195.89	9.75	-	-	38,525.05	12.37	-	-
Total	330,101.00	100.00	7,176.86	2.17	311,481.17	100.00	6,781.24	2.18

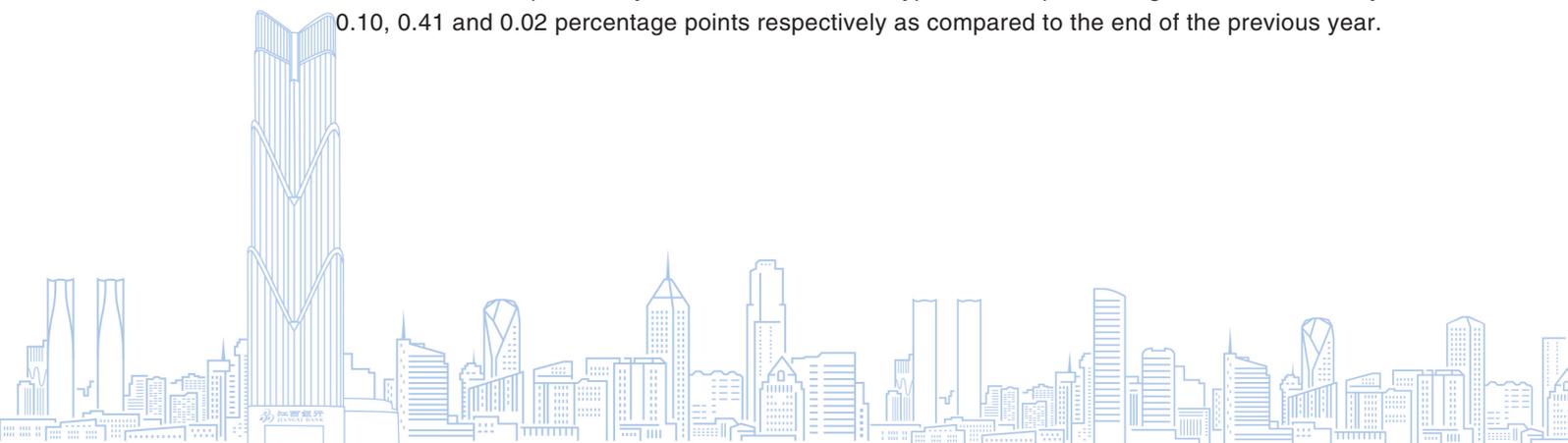
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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 the amount of non-performing loans of the Group were industries as follows: wholesale and retail, construction, manufacturing, leasing and commercial services and real estate. The industry with the highest increase in non-performing loan ratio was transportation, storage and postal services, representing an increase of 1.33 percentage points as compared with that at the end of last year.

3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of June 30, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise specified)								
Unsecured loans	32,816.75	9.94	452.83	1.38	32,199.67	10.34	413.20	1.28
Guaranteed loans	196,042.18	59.39	3,873.03	1.98	179,639.48	57.67	3,934.02	2.19
Collateralized loans	91,658.47	27.77	2,620.10	2.86	92,121.22	29.58	2,254.37	2.45
Pledged loans	9,583.60	2.90	230.90	2.41	7,520.80	2.41	179.65	2.39
Total	330,101.00	100.00	7,176.86	2.17	311,481.17	100.00	6,781.24	2.18

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, which accounted for 59.39% of the loans and advances to customers. The proportion of guaranteed loans and pledged loans of the Group increased by 1.72 and 0.49 percentage points respectively as compared to the end of the previous year, the proportion of credit loans and mortgage loans decreased by 0.40 and 1.81 percentage points respectively as compared to the end of the previous year. Except for the decrease of 0.21 percentage points in the ratio of guaranteed non-performing loans as compared to the end of the previous year, the ratio of other types of non-performing loans increased by 0.10, 0.41 and 0.02 percentage points respectively as compared to the end of the previous year.



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

Geographical region	As of June 30, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise specified)								
Nanchang area	157,545.18	47.73	4,666.33	2.96	156,362.98	50.20	4,344.45	2.78
Within Jiangxi Province (apart from Nanchang area)	151,123.06	45.78	920.60	0.61	133,910.37	42.99	910.60	0.68
Outside Jiangxi Province	21,432.76	6.49	1,589.93	7.42	21,207.82	6.81	1,526.19	7.20
Total	330,101.00	100.00	7,176.86	2.17	311,481.17	100.00	6,781.24	2.18

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB330.101 billion. The proportion of the Group's loans and advances to customers in the Nanchang area, Jiangxi Province (apart from the Nanchang area) and outside Jiangxi Province was 47.73%, 45.78% and 6.49%, respectively, among which, the proportion of Jiangxi Province (apart from the Nanchang area) increased by 2.79 percentage points compared with that at the end of the previous year, and the proportion of the Nanchang area and outside Jiangxi Province decreased by 2.47 and 0.32 percentage points respectively compared with that at the end of the previous year. The non-performing loans of the Group were mainly concentrated in the Nanchang area, with a non-performing loan of RMB7.177 billion, accounting for 65.02%.



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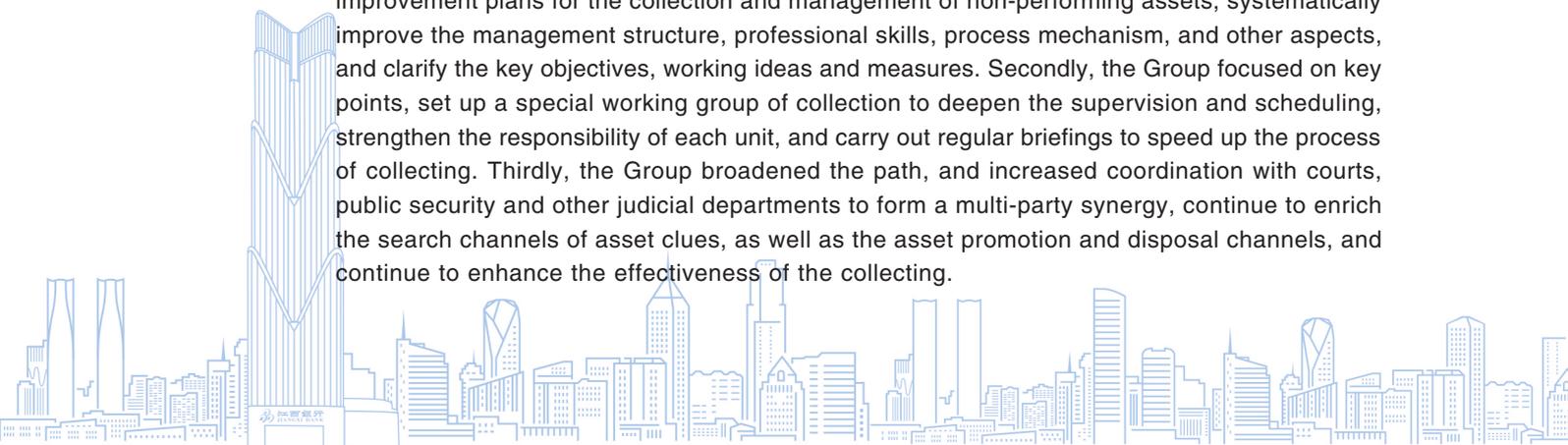
3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of June 30, 2023		As of December 31, 2022	
	Loan amount	% of total (%)	Loan amount	% of total (%)
Current loans	316,482.83	95.88	296,658.91	95.24
Loans past due for				
Up to 3 months	2,555.83	0.77	8,780.60	2.82
Over 3 months up to 1 year	6,357.60	1.93	4,264.55	1.37
Over 1 year up to 3 years	4,206.06	1.27	1,319.14	0.42
Over 3 years	498.68	0.15	457.97	0.15
Sub-total	13,618.17	4.12	14,822.26	4.76
Total	330,101.00	100.00	311,481.17	100.00

As of the end of the Reporting Period, the Group's total loans past due amounted to RMB13.618 billion, representing a decrease of RMB1.204 billion as compared with the end of the previous year. Loans past due accounted for 4.12% of the total loans, representing a decrease of 0.64 percentage points as compared with that at the end of the previous year. Loans past due, mainly those overdue for less than one year, decreased by RMB4.132 billion from the end of the previous year, with their proportion decreasing by 1.49 percentage points from the end of the previous year.

3.6.7 Measures for Non-performing Assets

During the Reporting Period, the Group adopted the following measures to promote the disposal of non-performing assets: Firstly, the Group planned as a whole to formulate overall improvement plans for the collection and management of non-performing assets, systematically improve the management structure, professional skills, process mechanism, and other aspects, and clarify the key objectives, working ideas and measures. Secondly, the Group focused on key points, set up a special working group of collection to deepen the supervision and scheduling, strengthen the responsibility of each unit, and carry out regular briefings to speed up the process of collecting. Thirdly, the Group broadened the path, and increased coordination with courts, public security and other judicial departments to form a multi-party synergy, continue to enrich the search channels of asset clues, as well as the asset promotion and disposal channels, and continue to enhance the effectiveness of the collecting.



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3.6.8 Large Risk Exposures

(1) Large exposures to ten largest single customers outside of the trade

In accordance with the applicable banking laws and regulations in the PRC, the Group's exposure to single customers outside of the trade shall not exceed 15% of net Tier 1 capital. The following table sets out the Group's exposure to single customers outside of the trade as of the dates indicated.

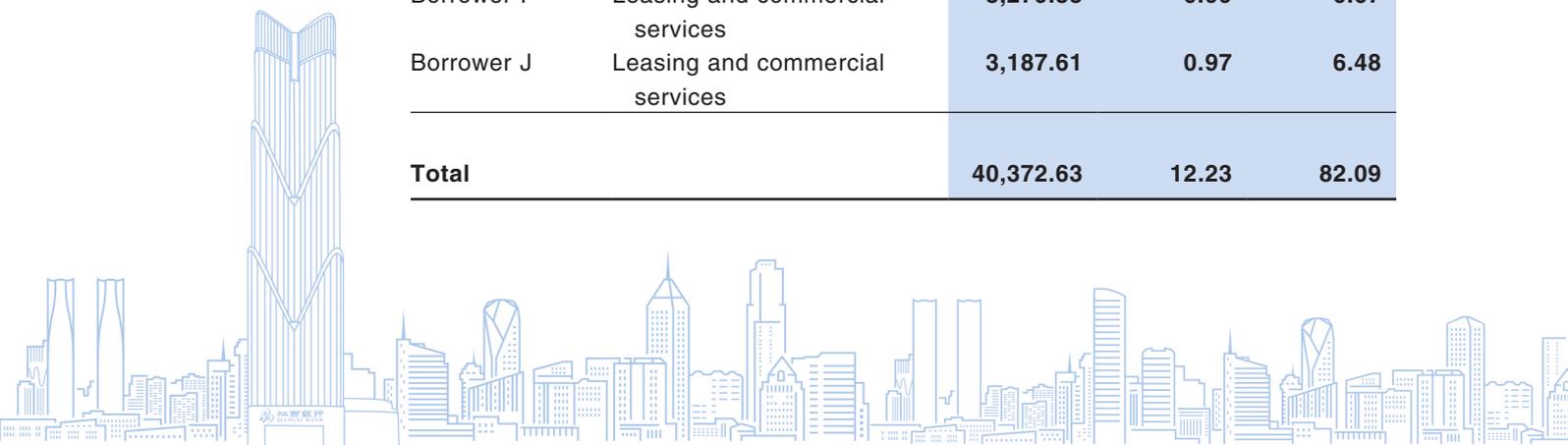
Item	Industry	As of June 30, 2023		
		Balance of risk exposure	% of total loans	% of net tier-one capital
Borrower A	Leasing and commercial services	4,291.78	1.30	8.73
Borrower B	Leasing and commercial services	3,448.41	1.04	7.01
Borrower C	Scientific research and technology services	3,266.43	0.99	6.64
Borrower D	Water conservancy, environment and public facility management	2,840.00	0.86	5.77
Borrower E	Wholesale and retail trade	2,772.18	0.84	5.64
Borrower F	Leasing and commercial services	2,698.81	0.82	5.49
Borrower G	Transportation, storage and postal services	2,666.52	0.81	5.42
Borrower H	Water conservancy, environment and public facility management	2,634.20	0.80	5.36
Borrower I	Leasing and commercial services	2,442.28	0.74	4.97
Borrower J	Leasing and commercial services	2,400.00	0.73	4.88
Total		29,460.61	8.93	59.91

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(2) Large exposures to ten largest associated customers outside of the trade

In accordance with the applicable laws and regulations guidelines in the PRC, the Group's exposure to associated customers outside of the trade shall not exceed 20% of net Tier 1 capital. The following table sets out the Group's exposure to associated customers outside of the trade as of the dates indicated.

Item	Industry	As of June 30, 2023		
		Balance of risk exposure (in millions of RMB, unless otherwise specified)	% of total loans	% of net tier-one capital
Borrower A	Water conservancy, environment and public facility management	5,867.99	1.78	11.93
Borrower B	Leasing and commercial services	4,754.21	1.44	9.67
Borrower C	Leasing and commercial services	4,727.00	1.43	9.61
Borrower D	Leasing and commercial services	3,999.17	1.21	8.13
Borrower E	Transportation, storage and postal services	3,819.58	1.16	7.77
Borrower F	Leasing and commercial services	3,806.33	1.15	7.74
Borrower G	Scientific research and technology services	3,477.20	1.05	7.07
Borrower H	Construction	3,454.21	1.05	7.02
Borrower I	Leasing and commercial services	3,279.33	0.99	6.67
Borrower J	Leasing and commercial services	3,187.61	0.97	6.48
Total		40,372.63	12.23	82.09



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3.6.9 Repossessed Assets and Impairment Allowances

Item	As of June 30, 2023	As of December 31, 2022
	Amount	Amount
Land use rights and buildings	151.39	153.01
marketable securities	104.58	–
Less: Allowances for impairment losses	(32.45)	(32.82)
Net repossessed assets	223.52	120.19



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3.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total Amount
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortised cost				
As at January 1, 2023	2,250.47	1,877.00	7,857.14	11,984.61
Transferred to 12-month ECL	152.24	(137.41)	(14.83)	—
Transferred to lifetime ECL – not credit-impaired	(6.43)	25.98	(19.55)	—
Transferred to lifetime ECL – credit-impaired	(2.04)	(181.74)	183.78	—
Charged/(released) for the year	(247.31)	(239.43)	2,946.36	2,459.62
Transferred out for the year	—	—	—	—
Recoveries for the year	—	—	113.72	113.72
Write-offs for the year	—	—	(811.13)	(811.13)
Others	—	—	(290.55)	(290.55)
As at June 30, 2023	2,146.93	1,344.40	9,964.94	13,456.27
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2023	89.13	—	—	89.13
(Reversal)/charged for the year	(6.32)	—	—	(6.32)
As at June 30, 2023	82.81	—	—	82.81

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.

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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, 2023					For the six months ended June 30, 2022				
	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/(expense)	3,320.44	(553.29)	1,694.87	19.62	4,481.64	2,334.25	(86.52)	2,373.94	-	4,621.67
Internal net interest income/(expense)	(739.04)	1,705.48	(983.33)	16.89	-	187.09	1,234.52	(1,415.42)	(6.19)	-
Net interest income/(expense)	2,581.40	1,152.19	711.54	36.51	4,481.64	2,521.34	1,148.00	958.52	(6.19)	4,621.67
Net fee and commission income/(expense)	80.26	19.66	75.75	(8.62)	167.05	136.56	16.14	228.95	(8.21)	373.44
Net trading gains	-	-	45.73	-	45.73	-	-	80.27	-	80.27
Net gains arising from financial investments	9.50	1.49	382.61	-	393.60	5.41	-	1,157.85	-	1,163.26
Other operating income/(expenses)	129.45	135.42	70.72	(25.09)	310.50	51.03	0.07	(0.80)	28.73	79.03
Operating income	2,800.61	1,308.76	1,286.35	2.80	5,398.52	2,714.34	1,164.21	2,424.79	14.33	6,317.67
Operating expenses	(490.20)	(531.46)	(578.23)	(0.16)	(1,600.05)	(325.27)	(543.08)	(678.59)	3.69	(1,543.25)
Operating profit before impairment	2,310.41	777.30	708.12	2.64	3,798.47	2,389.07	621.13	1,746.20	18.02	4,774.42
Impairment losses on assets	(1,618.63)	(467.83)	(294.51)	(58.39)	(2,439.36)	(2,159.92)	(130.30)	(893.97)	(23.06)	(3,207.25)
Share of profits of associates	-	-	-	3.77	3.77	-	-	-	2.96	2.96
Profit/(loss) before taxation	691.78	309.47	413.61	(51.98)	1,362.88	229.15	490.83	852.23	(2.08)	1,570.13
Proportion to profit before taxation (%)	50.76	22.71	30.35	(3.82)	100.00	14.59	31.26	54.28	(0.13)	100.00

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3.7.2 Main Segment Operating Income

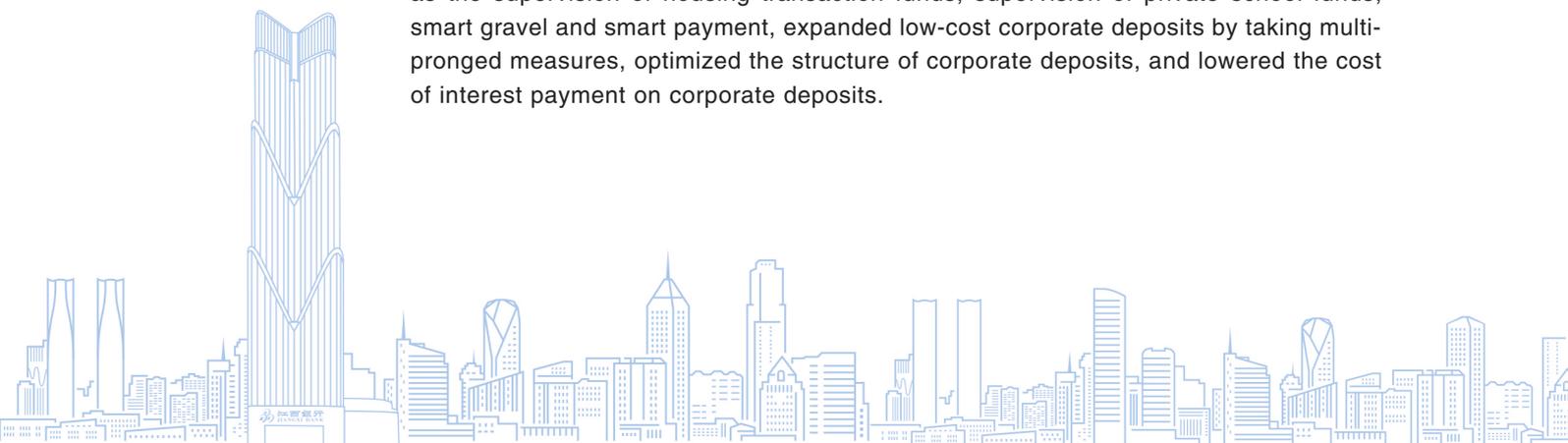
	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Amount	% of total	Amount	% of total
Corporate banking	2,800.61	51.88	2,714.34	42.96
Retail banking and credit card	1,308.76	24.24	1,164.21	18.43
Financial market business	1,286.35	23.83	2,424.79	38.38
Others	2.80	0.05	14.33	0.23
Total	5,398.52	100.00	6,317.67	100.00

3.8 BUSINESS OVERVIEW

3.8.1 Corporate Banking

1 Corporate deposits

During the Reporting Period, the Bank attached great importance to deposit organization and actively carried out the “ice-breaking” action for corporate deposits. The Bank consolidated the main responsibilities at all levels, strengthened stratified marketing, and promoted the construction of basic customer groups; strengthened cooperation among governments, banks and enterprises, and gradually broke through the series of key accounts of budgetary units and bankruptcy administrators to cultivate new growth points of deposits; actively participated in capital bidding projects in the fields of finance, social security, and medical insurance to increase the proportion of the Bank’s deposits; explored the value of customers, optimized the experience of payment and settlement, cash management and other products, developed financial scenarios such as the supervision of housing transaction funds, supervision of private school funds, smart gravel and smart payment, expanded low-cost corporate deposits by taking multi-pronged measures, optimized the structure of corporate deposits, and lowered the cost of interest payment on corporate deposits.



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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 RMB212.842 billion, representing an increase of 12.43% as compared with that at 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 RMB23.538 billion as compared with that at the end of the previous year, mainly because the Group resolutely implemented the decisions and deployment of the CPC Central Committee, fully implemented the work requirements of the Jiangxi Provincial Party Committee and the Provincial Government, and increased support for rural revitalization, green finance, manufacturing industries, digital economy and SRDI enterprises with better financial supply to empower the high-quality development of the real economy.

Item	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Working capital loans	116,475.00	54.72	105,559.00	55.76
Fixed asset loans	68,538.72	32.20	59,115.62	31.23
Financial lease	6,004.43	2.82	8,058.61	4.26
Others ¹	21,824.14	10.26	16,570.91	8.75
Total amount of corporate loans and advances	212,842.29	100.00	189,304.14	100.00

Note:

1. Mainly includes trade financing, advance payment of acceptance bill and syndicated loans.

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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, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Short-term loans and advances ¹	83,639.27	39.30	84,591.33	44.69
Medium to long-term loans ²	129,203.02	60.70	104,712.81	55.31
Total amount of corporate loans and advances	212,842.29	100.00	189,304.14	100.00

Notes:

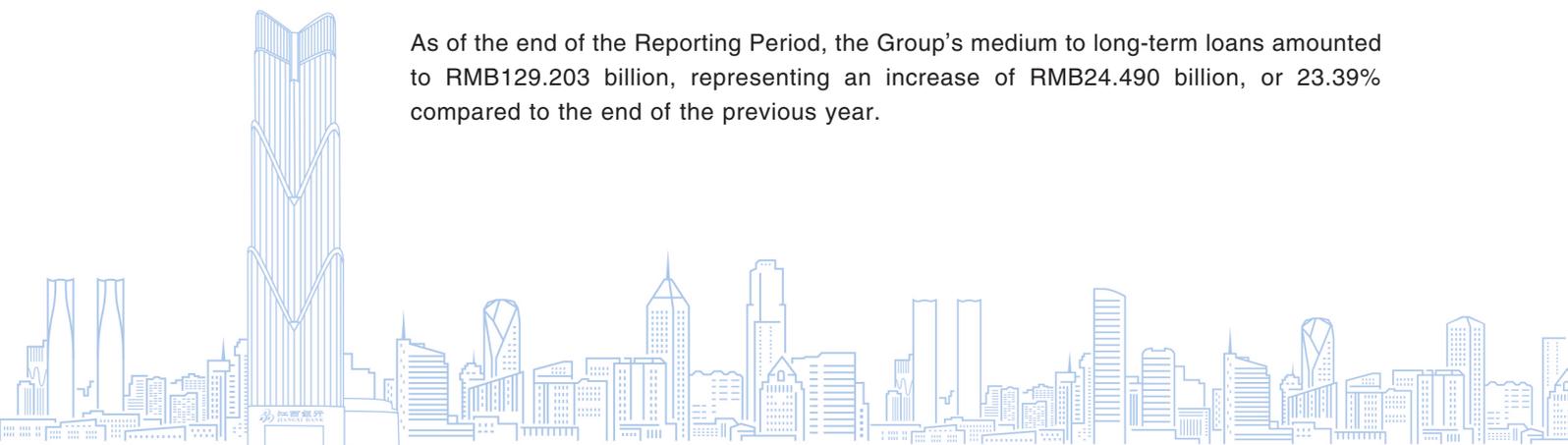
1. Consists of loans and advances with contract maturity of one year or less.
2. Consists of loans with contract maturity of more than one year.

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB83.639 billion, representing a decrease of RMB952 million, or 1.13% 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 RMB129.203 billion, representing an increase of RMB24.490 billion, or 23.39% compared to the end of the previous year.



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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 water conservancy, environment and public facility management, 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, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Micro enterprises ¹	17,480.39	8.21	13,492.84	7.12
Small enterprises ¹	106,567.20	50.07	95,301.24	50.34
Medium enterprises ¹	51,296.28	24.10	46,333.91	24.48
Large enterprises ¹	28,580.67	13.43	28,542.03	15.08
Others ²	8,917.75	4.19	5,634.12	2.98
Total amount of corporate loans and advances	212,842.29	100.00	189,304.14	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 RMB79.877 billion, accounting for 37.53% of the Group's total corporate loans and advances, with a decrease of 2.03 percentage points compared to the end of the previous year.

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 RMB124.048 billion, accounting for 58.28% of the Group's total corporate loans and advances, with an increase of 0.82 percentage points compared to the end of the previous year.

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3 *Corporate customers*

During the Reporting Period, aiming at expanding and optimizing the corporate customer base, the Bank promoted the construction of the corporate customer base, enhanced customer acquisition and retention capabilities, and continuously strengthened the foundation of corporate business development. In terms of new customers, the Bank continued to optimize the “enterprise registration and appointment account opening project of the Jiangxi Administration for Market Regulation” to acquire customers from the source, and opened accounts for nearly 9,000 new corporate customers during the Reporting Period; in terms of stock customer enhancement, the Bank improved the proportion of effective customers through technology empowerment, process optimization, layered maintenance and process management; in terms of credit customers, the Bank increased strategic cooperation with industrial authorities, outstanding state-owned enterprises and leading enterprises in the industry to continuously optimize the structure of credit customers.

4 *Corporate products*

During the Reporting Period, the Bank practiced the new development concept, innovated financial products, and actively served the fields of green finance, manufacturing, rural revitalization, and talent innovation and entrepreneurship to promote quality economic and social development.

To serve the national “dual carbon” strategy, the Bank successfully implemented the support facility loan for the first carbon emission reduction and sustainable development linked loan for the manufacturing industry for legal entities in Jiangxi Province, formulated a financing service program for ecological and environmental restoration, and signed a strategic cooperation agreement with industry leaders, exploring cooperation in the fields of green finance, value realization of ecological products and carbon finance research. As at the end of the Reporting Period, the balance of the Bank’s green loans amounted to RMB29.316 billion, representing an increase of 29.17% as compared with the end of the previous year.

To serve the strategy of building a manufacturing power, the Bank cooperated with industrial authorities to promote credit products such as “loans for specialized and innovative products” and intellectual property pledges, and supported the development of customers such as individual champions in manufacturing, leading enterprises in manufacturing, and specialized and innovative customers. As at the end of the Reporting Period, the balance of loans for the Group’s manufacturing industry amounted to RMB21.944 billion.



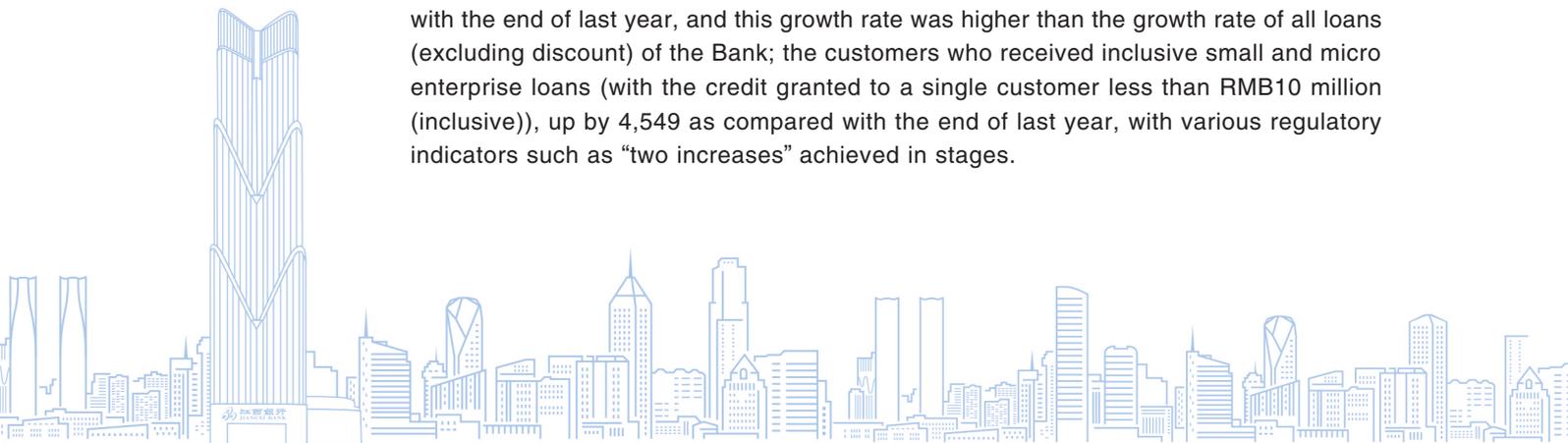
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

To serve the strategy of rural revitalization, the Bank has built a digital agricultural financial service platform relying on new information technology to provide “wisdom + scenario + finance” ecological services for the “Sannong” clientele. As of the end of the Reporting Period, the balance of the Bank’s agriculture-related loans amounted to RMB57.394 billion, representing an increase of 18.51% as compared with the end of the previous year.

To serve the strategy of strengthening the province with talents, the Bank has taken the advantage of as the exclusive service provider for talents in Jiangxi Province, and flexibly applied the policy of “Benefiting Talents in Jiangxi with Awards and Sincerity” (真金誠意惠贛才) with exclusive talent finance products to provide quality financial services for various types of talents and outstanding enterprises. As of the end of the Reporting Period, the Bank has supported various types of talent enterprises with loans of more than RMB10 billion since the launch of talent financial services, with a loan balance of RMB3.042 billion. At the same time, the Bank enlarged the scope of services, and gathered more intellectual support for local development by setting up the Talent Financial Services Center in various cities in Jiangxi Province, and creating exclusive financial service groups.

5 *Inclusive finance*

The Bank focused on the market positioning of “serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy”, strictly implemented the overall scheme of the CPC Central Committee and the State Council on supporting the real economy and serving inclusive finance and the work requirements of financial supervision departments. By strengthening the allocation of credit resources, optimizing loan process, and implementing special actions, the Bank increased the investment to inclusive small and micro market entities, and improved the coverage, availability and convenience of inclusive financial services, effectively meeting the financing needs of the real economy. 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 RMB42.624 billion, up by RMB7.237 billion as compared with the end of last year, and this growth rate was higher than the growth rate of all loans (excluding discount) of the Bank; the customers who received inclusive small and micro enterprise loans (with the credit granted to a single customer less than RMB10 million (inclusive)), up by 4,549 as compared with the end of last year, with various regulatory indicators such as “two increases” achieved in stages.



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Precisely serving key areas. Adhering to the customer-centered approach, the Bank carried out the “Three Enters, Three Provisions, and Three Deliveries” (三進三入三送) specialized financial service activities, focusing on accommodations and restaurants, retail and wholesale, culture and tourism, transportation and other areas of inclusive small and micro enterprises, taking the initiative to visit and coordinate, and delivering services to the doorsteps of the customers, with an emphasis on increasing the credit loans, medium – and long-term loan funding support, and making every effort to meet the reasonable financing needs of the individual businessmen, small and micro entrepreneurs, new citizens and other inclusive customer groups.

Continuously optimizing the credit process. The Bank scientifically optimized the investigation and management methods for credit granting business, further simplified loan application materials, continued to improve the long-term mechanism of “Dare to be able to”, implemented differentiated credit approval and sub-delegation, and set up a marketing team for inclusive finance and a full-time approving team to improve the speed of responding to loan demands and the efficiency of credit approval.

Enriching the supply of inclusive products. In view of the financing characteristics of inclusive small and micro enterprises, the Bank built an online and offline dual-wheel-drive business model, with the “Turnover Loan”, “Super Mortgage Loan”, “Rongyi Loan” (融易貸) and “Huiyi Loan” (惠易貸) as the main products, which include credit, mortgage, guarantee and other credit enhancement methods, covering the financing needs of inclusive small and micro enterprises in an all-round way. Relying on the digital platform of “Jiangxi Bank Inclusive Finance”, the Bank innovatively launched the online “Rural Insurance Loan” and “Government Procurement E-loan” (政採易貸), and continued to build a bulk, online and digitalized model of inclusive business, so as to improve the sense of accessibility and convenience of credit for small and micro enterprises.

Lowering financing costs for enterprises. The Bank offered greater interest rate concessions to key areas and weak links such as inclusive small and micro enterprises, provided extension, refinancing without repayment of principal and adjustment of repayment plans, and utilized the PBOC’s monetary policy tools and internal fund transfer pricing to drive down the financing costs of inclusive small and micro enterprises. During the Reporting Period, the Bank’s weighted average rate for loans to inclusive small and micro enterprises was 5.06%, a decrease of 0.64 percentage points as compared with the corresponding period of the previous year, effectively lowering financing costs for inclusive small and micro enterprises.



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3.8.2 Retail Banking

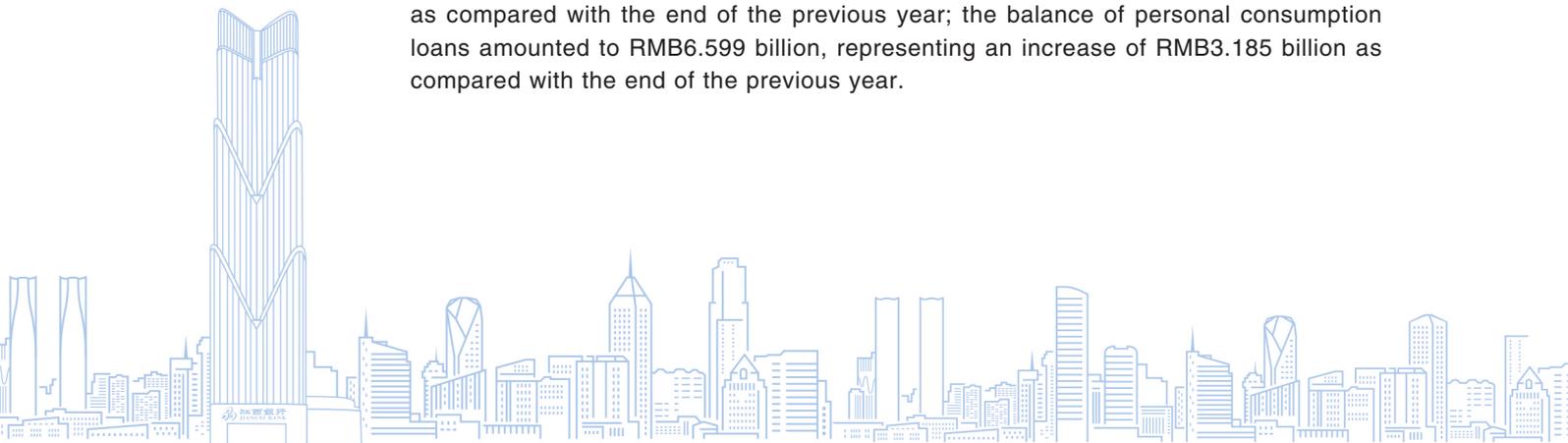
1 *Personal deposits*

During the Reporting Period, the Bank strengthened its service for personal payroll clients, and built a lifestyle consumption scenario centering on “healthcare, food, housing and transportation” to retain low-cost deposits and promote the quality and efficiency of savings deposits. As of the end of the Reporting Period, the average cost ratio of the Group’s personal deposits decreased by 0.18 percentage points; the balance of the personal deposits amounted to RMB178.854 billion, representing an increase of RMB18.304 billion or 11.40% as compared with the end of the previous year.

During the Reporting Period, the Bank’s incremental ratio of personal deposits in Jiangxi Province amounted to 4.92%, representing an increase of 1.37 percentage points as compared with the corresponding period of the previous year, and ranked 7th in the banking industry in Jiangxi province and 1st among city commercial banks in Jiangxi province, representing an increase of 2 places in the ranking as compared with the corresponding period of the previous year. As at the end of the Reporting Period, the Bank’s market share of personal deposit balances in Jiangxi Province was 5.13%, ranking 7th in the province and 1st among city commercial banks in the province in terms of market share.

2 *Personal loans*

During the Reporting Period, the Bank launched the “Jiangyin Consumption Season” campaign for new citizens, and granted 81,200 interest-free coupons, and granted a total of RMB887 million consumer loans for new citizens. The Bank continued to enhance the product experience by launching online consumer loan products for customers and VIP customers. As of the end of the Reporting Period, the balance of personal loans of the Group amounted to RMB85.063 billion, representing an increase of RMB1.411 billion as compared with the end of the previous year. Among which, due to the early repayment by customers of residential mortgage loans, the balance of personal residential mortgage loans amounted to RMB55.916 billion, representing a decrease of RMB4.000 billion as compared with the end of the previous year; the balance of personal consumption loans amounted to RMB6.599 billion, representing an increase of RMB3.185 billion as compared with the end of the previous year.



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3 *Retail customers*

During the Reporting Period, the Bank strengthened the payroll business and retained a low-cost customer base, with average daily deposits from payroll personal customers amounted to RMB46.744 billion, representing an increase of RMB3.724 billion, or 8.66%, year-on-year. Based on the acquiring + payment scenarios, the Bank cooperated with supermarkets, pharmacies, catering and other companies to carry out promotional activities to continuously provide residents with various life rights and interests.

As of the end of the Reporting Period, the Bank had 5,898,900 personal customers, representing an increase of 136,000 as compared to the end of the previous year, of which VIP customers with financial assets of RMB100,000 (inclusive) or above increased by 49,000 or 12.20% as compared to the end of the previous year.



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4 *Bank cards*

As of the end of the Reporting Period, the Bank had 4,582,100 debit card customers, representing an increase of 138,200 over the end of the previous year. The Bank, together with payment platforms such as WeChat, Alipay and China UnionPay Quick Pass, continued to carry out marketing activities such as the initial binding of debit cards (借記卡首綁) and monthly swiping (月月刷), and the retention of demand deposits from online payment customers increased significantly. During the Reporting Period, the average daily demand deposits of the Bank's Internet payment bundled customers was RMB13.017 billion.

During the Reporting Period, the Bank, responding to the market demand, sorted out and refined its credit card products, created an electronic process for the wholesale installment business, improved the efficiency of business processing, and enhanced business performance and customer experience. In alignment with the national strategy of "rural revitalization" to promote the extension of financial services to rural areas, the Bank unveiled the "Digital and Intelligent Credit Cards Themed Benefiting Farmers" and provided cardholders with special rights and benefits services, such as agricultural accident insurance. These efforts effectively enhanced the inclusive financial services of the Bank for rural areas. Focusing on annual hotspots, the Bank also strengthened its interaction with celebrated merchants by launching the government consumption coupon campaign themed "Chinese New Year Shopping Festival", and participating in the "618 Mid-Year Promotion". The latter was an event that offered full reductions for card swipes on mainstream e-commerce platforms during the peak season of consumption, to continuously better the environment for credit card usage. In accelerating digital transformation, the Bank set up a joint laboratory for digital scene application, established a risk and operation system for the entire life cycle of credit cards, and enhanced digital decision-making and operation analysis capabilities of credit cards. As of the end of the Reporting Period, the Bank had 697,600 existing credit cards, and the credit card overdraft balance was RMB3.376 billion.

5 *Wealth management*

During the Reporting Period, the Bank continued to enrich the wealth product system and launched suitable products for key customer groups, such as the silver-haired and new citizens, to meet the differentiated needs of different customer groups. The Bank continued to carry out investor education activities, and improved investors' awareness of the market and products through actual product analysis and market prospect analysis.

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3.8.3 Financial Markets Business

1 *Money market business*

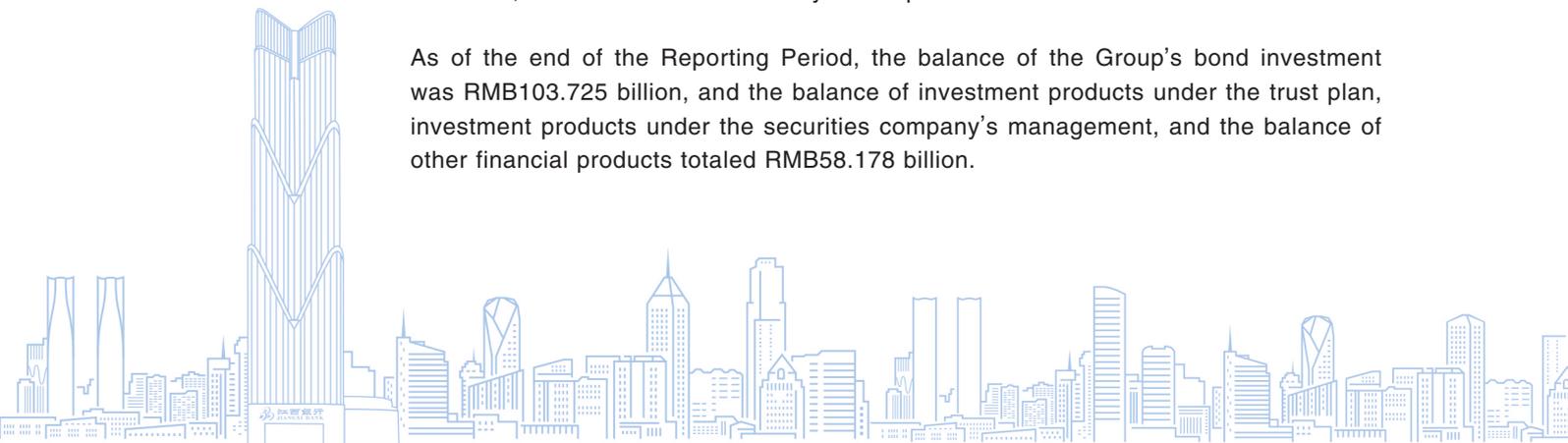
During the Reporting Period, China continued to maintain a prudent monetary policy, made forward-looking efforts, made cross-cycle adjustments, comprehensively used total quantity and structural policies, maintained reasonable and sufficient market liquidity, and supported the real economy with financial services. The PBOC strengthened the implementation of prudent monetary policies. In the first half of the year, the PBOC reduced the required reserve ratio by 0.25 percentage points, the open market operation interest rate and medium-term lending facility interest rate decreased by 10 basis points, which drove the LPR for 1-year term and above 5-year term to decline by 10 basis points, and promoted the overall financing cost of enterprises to steadily reduce, thus alleviating the pressure on the real economy.

Based on the principle of stability and prudence, the Bank continuously improves the risk management system, implements regulatory requirements, comprehensively uses money market instruments, and takes into account liquidity and profitability to promote the sustainable development of various businesses. As of the end of the Reporting Period, the balance of the Group's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB11.451 billion, and the balance of the Group's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements and bonds issued amounted to RMB89.472 billion.

2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank has always followed the new development concept, continuously adjusted and optimized its asset allocation, reduced the proportion of non-standardized assets and other SPV assets, increased standardized assets such as bonds, and maintained the steady development of its investment business.

As of the end of the Reporting Period, the balance of the Group's bond investment was RMB103.725 billion, and the balance of investment products under the trust plan, investment products under the securities company's management, and the balance of other financial products totaled RMB58.178 billion.



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3 *Investment Banking*

During the Reporting Period, the Bank's investment banking business focused on giving full play to the advantages of the principal undertaking business, helping enterprises in Jiangxi Province to carry out direct financing, and continued to promote the stable development of the underwriting business of debt financing instruments of non-financial enterprises.

During the Reporting Period, the Bank issued 6 non-financial corporate debt financing instruments in Jiangxi Province, with an issuance of RMB4.250 billion, of which the Bank underwrote RMB1.233 billion.

3.8.4 Assets management business

During the Reporting Period, the Bank adhered to its positioning of serving the local economy, implemented various financial policies actively, strengthened its investment management capability and risk control capacity, optimized the structure of asset allocation, promoted digital transformation, strengthened scientific and technological empowerment, actively carried out investor education, comprehensively improved the quality of customer service, and continuously enhanced the richness of wealth management products and customer experience.

As of the end of the Reporting Period, the subsisting balance of the Bank's wealth management products was RMB30.093 billion, representing an increase of 0.23% compared with the end of the last year, of which 97.72% and 2.28% were funds of individual and institutional customers, respectively.



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3.8.5 International Business

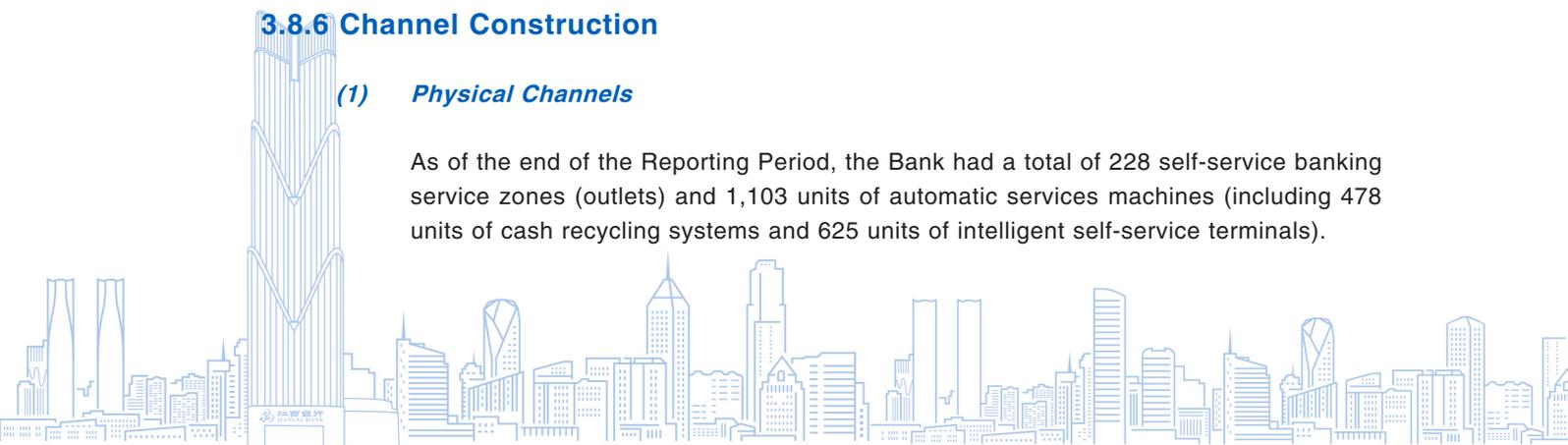
During the Reporting Period, the Bank actively implemented the decisions and deployment of the CPC Central Committee and the State Council on the orderly promotion of internationalization of Renminbi and the promotion of the integrated development of domestic and foreign trade, as well as the requirements of the State Administration of Foreign Exchange on guiding market players to establish a sense of “exchange rate risk neutrality,” and consistently adhered to the concept of synergistic development of local and foreign currencies to support the integrated operation of domestic and foreign trade of enterprises. In addition, the Bank continued to release the technological dividends of the cross-border financial service platform, gave full play to the window function of the personal foreign exchange business of “serving urban and rural residents,” and continuously strengthened its ability to accurately serve the real economy, so as to inject new impetus and vitality into the brand image of the foreign exchange business of the Bank.

During the Reporting Period, the Bank’s cross-border RMB settlement volume increased by 39.08% as compared with the same period of the previous year, and the half-yearly settlement volume exceeded that of the year of 2021 and was close to that of the whole year of 2022. Through cooperation with overseas peers to use RMB to pay overseas dividends, it became the first overseas listed financial institution in Jiangxi Province to pay dividends in RMB, which helped RMB internationalization to move forward steadily with the responsibility of a city commercial bank; the number of effective customers in international business increased by 45.36% as compared with the same period of the previous year, which achieved a significant increase in the scale of the basic customers and the indicators of the volume of business; the operating balance of enterprises supporting domestic and foreign trade integration increased by 44.56% from the end of the previous year, with the net increase in scale exceeding the total net increase in the same period of the previous two years; the volume of letter of credit business increased by 88.99% from the same period of the previous year; and the indicators of cross-border RMB settlement, export receivables financing, credit insurance financing and exchange rate hedging realized the enhancement of quality and increase of quantity and catching up with the peers.

3.8.6 Channel Construction

(1) Physical Channels

As of the end of the Reporting Period, the Bank had a total of 228 self-service banking service zones (outlets) and 1,103 units of automatic services machines (including 478 units of cash recycling systems and 625 units of intelligent self-service terminals).



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(2) *Electronic Channels*

During the Reporting Period, the Bank consolidated the construction of electronic channels and strengthened its unified management, anchored the business pain chain, increased the reach of online services, promoted the improvement of customer experience, and committed to providing customers with more unified, high-quality, efficient and comprehensive financial services.

Personal e-bank: During the Reporting Period, the Bank accomplished the following in comprehensively improving the personal mobile banking experience. The Bank worked faster to implement the project of Mobile Banking 3.0 User Experience Improvement; launched the Simplified Version 2.0 of mobile banking specific to silver-haired customers; provided new transaction details to support record enquiries of years since 2007; and added the feature of WeChat notification signing for mobile banking to lower SMS operating costs. At the same time, the Bank realized the online modification of mobile phone numbers, expedited the loading of mobile phone pages, and simplified high-frequency transactions such as pop-up authorization prompts and agreement reading mode. In addition, after the majority of customers have adapted to the new version of personal e-bank, the Bank officially discontinued the use of the old version. As of the end of the Reporting Period, the number of personal e-bank customers totaled 3.2511 million, representing an increase of 4.79% compared to the end of last year.

Corporate e-bank: During the Reporting Period, the Bank sorted out its existing products and business processes around the aspects of the settlement process for corporate customers, and optimized the user-friendliness of each customer-involved operation in a targeted manner. The Bank enhanced the analysis of customer-related party behaviors to satisfy customer transaction needs. The upgraded e-channel services with the addition of business cards exclusive to customer relationship managers allowed customers to trigger outlet inquiries, business inquiries, and services exclusive to customer relationship managers at the touch of a button. The Bank upgraded the homepage of the corporate e-channel to improve product design and interactive experience. As of the end of the Reporting Period, the number of corporate e-bank customers of the Bank totaled 60,100, representing an increase of 5.31% compared to the end of last year. The new corporate e-bank won the Gold Award in the “6th (2023) Digital Finance Innovation Competition” organized by the cebnet on the year of joint promotion of digital finance.

Telephone bank: During the Reporting Period, as part of its efforts to fulfill social responsibilities, the Bank enhanced the accessibility of its online channels, set up a sign language customer service team to provide remote sign language interpreting for outlet staff, and offered business consultation and other services to the hearing-impaired, to enhance the sense of financial accessibility for the special customer groups. As of the end of the Reporting Period, the customer service center received a total of 479,900 calls from customers, with a daily average of 2,651 calls. The telephone connection rate was 91.63%, with a customer satisfaction rate of 99.68%.

WeChat official account: As of the end of the Reporting Period, the Bank’s WeChat Official Account “Jiangxi Bank” had a total of 925,400 followers, up by 4.15% compared to the end of last year.

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3.8.7 Informatization Construction

Comprehensively promoting the digital transformation

The Bank cooperated cohesively to speed up the digital transformation of business to shore up the Group's high-quality development and build up the strength and size of regional digital economy. We accelerated the establishment of a large technology organizational structure, clarified the workflow of industry-technology integration and industry-digital integration, and comprehensively coordinated and deepened the digital transformation. We also introduced digital talents and further cultivated their digital thinking and awareness. We taking into full consideration the realities of the Group and the leading practices in interbank digital transformation, framed the Group's future goals on data architecture, application architecture, technology architecture and IT governance.

Integrated development of technology and business

We quickened the pace of "online, digital, intelligent and scenario-based" transformation of the Group's development and business model. We moved faster to build the new-generation credit system group and realized the interconnection and synergy of six major systems, including the new-generation credit system, the mobile credit operation platform and the unified risk control and decision-making platform, to break down the system barriers. This move aimed to safeguard and support the dual needs of the Bank's business transformation and risk prevention and control, and to propel the high-quality development of the Group's business.

We strengthened innovative applications and created a string of "scene + finance" intelligent projects in serving the government, the industry and residents (such as assisting in the rural revitalization and creating the "Jiangyin iNong" digital agricultural service platform). This boosted the development of the real economy and brought mutual benefits to the Bank and enterprises. We kept optimizing online services, and created online products such as the "Loan of Supplying and Marketing Agricultural Products", "Second Mortgage Loan", "Government Procurement E-loan", and "Rural Insurance Loan". We integrated and optimized online channels to continuously improve customer service experience, so as to retain old customers while attracting new ones.

Focusing on adding intelligence with digitalization, we facilitated the construction of the "Hucang" integrated data platform and data bazaar, improved the data control mechanism, and accelerated the all-round application of data. We furthered the autonomous and self-service data analysis and the accurate analysis of customer groups to drive scenario-based marketing.



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Safeguarding the smooth operation of the Group's production and operation

The Group initiated a data center expansion project to support the Group's demand for rapid business development and ensure the stable operation of various business and back-office support systems. As of the end of the Reporting Period, the preparation for the project bidding had been completed, which pushed forward the procurement process. We established a proactive system O&M mechanism and a "two-meeting" mechanism that includes operation scheduling meeting and fault review and analysis meeting. We saw that all parties fulfilled their responsibilities and strengthened the tracking of results. As a result, the first half of year witnessed zero faults. The Group continued to improve IPv6 network stability and monitoring capability by performing large-scale troubleshooting. As of the end of the Reporting Period, the IPv6 support rate of the Group's official website stayed at 100%, ranking first in Jiangxi Province. Safeguarding the security of customers' information and funds, and continuing to offer high-quality services.

3.8.8 Subsidiary Business

1 *Jiangxi Financial Leasing Corp., Ltd.*

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 changed to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing has always adhered to the development strategy of "professionalization and specialization", and firmly served the development of the local real economy.

As of the end of the Reporting Period, Jiangxi Financial Leasing recorded total assets of RMB6.887 billion, net assets of RMB3.240 billion. During the Reporting Period, Jiangxi Financial Leasing recorded net profit of RMB100 million. All regulatory indicators of the company met the standards. During the Reporting Period, Jiangxi Financial Leasing focused on the goal of "strengthening management, controlling risks, ensuring stability and seeking transformation", adhered to the principle of prudent and stable operation, gave full play to its own functional advantages, assisted local economic development, strengthened comprehensive risk management, actively practiced new development concepts, and achieved new results in the transformation and development of clean energy and construction machinery business.

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In the future, Jiangxi Financial Leasing will make the best of the characteristics of “financing capitals + financing goods”, combine with the advanced concepts of “three major aspects” and “five strategies” of Jiangxi Province, focus on the relevant industrial chain of the “1269” action plan of Jiangxi Province, consolidate the traditional leasing business, consolidate and expand the advantages of business development in the province, continue to expand the business markets of new energy and factory leasing, stick to the sustainable development path featuring localization, specialization and professionalization, unswervingly promote the high-quality development of the Company, and comprehensively serve the development of the province economy.

2 *Jinxian Ruifeng County Bank*

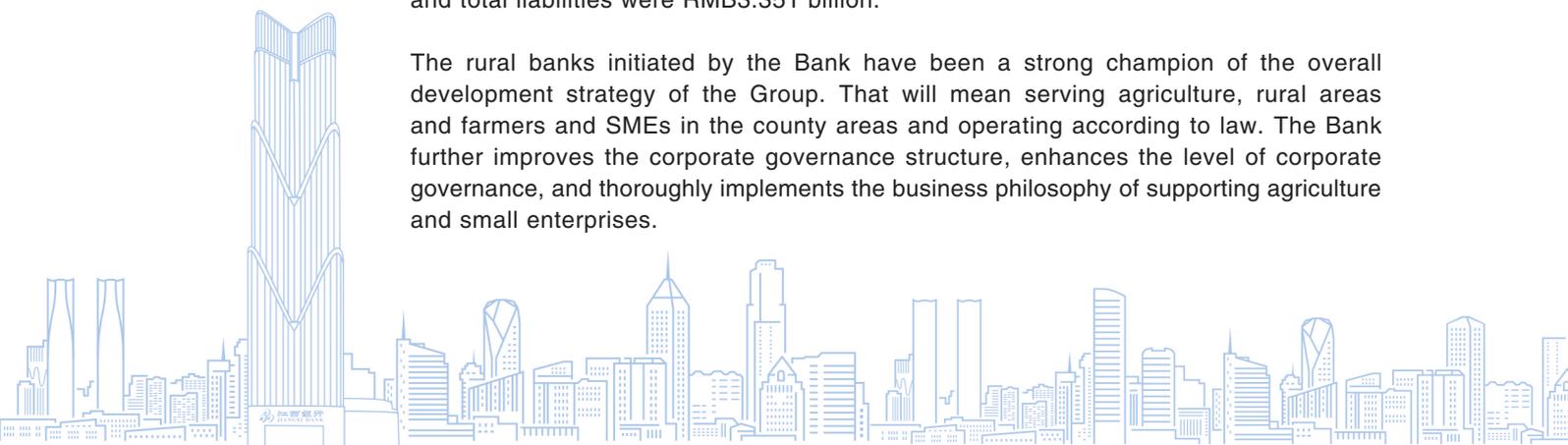
Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng”) was incorporated on June 15, 2012 at Jinxian County, Jiangxi Province, with a registered capital of RMB50 million, 30% of which was held by Jiangxi Bank. On December 2020, the registered capital of Jinxian Ruifeng was changed to RMB100 million, 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.

As of the end of the Reporting Period, the total assets of Jinxian Ruifeng were RMB347 million, total liabilities were RMB290 million and total loans were RMB187 million. During the Reporting Period, Jinxian Ruifeng adhered to the business philosophy of combining development with risk, and strengthened confidence, improved efficiency and made improvements, and solidly promoted various tasks.

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. (南豐桔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). As of the end of the Reporting Period, the total assets of the 4 villages and township banks were RMB3.842 billion, total loans were RMB2.373 billion and total liabilities were RMB3.351 billion.

The rural banks initiated by the Bank have been a strong champion of the overall development strategy of the Group. That will mean serving agriculture, rural areas and farmers and SMEs in the county areas and operating according to law. The Bank further improves the corporate governance structure, enhances the level of corporate governance, and thoroughly implements the business philosophy of supporting agriculture and small enterprises.



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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

The Bank has established a complete risk management system. Through the implementation of comprehensive risk management, the Bank ensures the sustainable and steady development of the Bank, realises appreciation for shareholders value and fulfills 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 that should be incorporated into the comprehensive risk management according to regulatory requirements.

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.



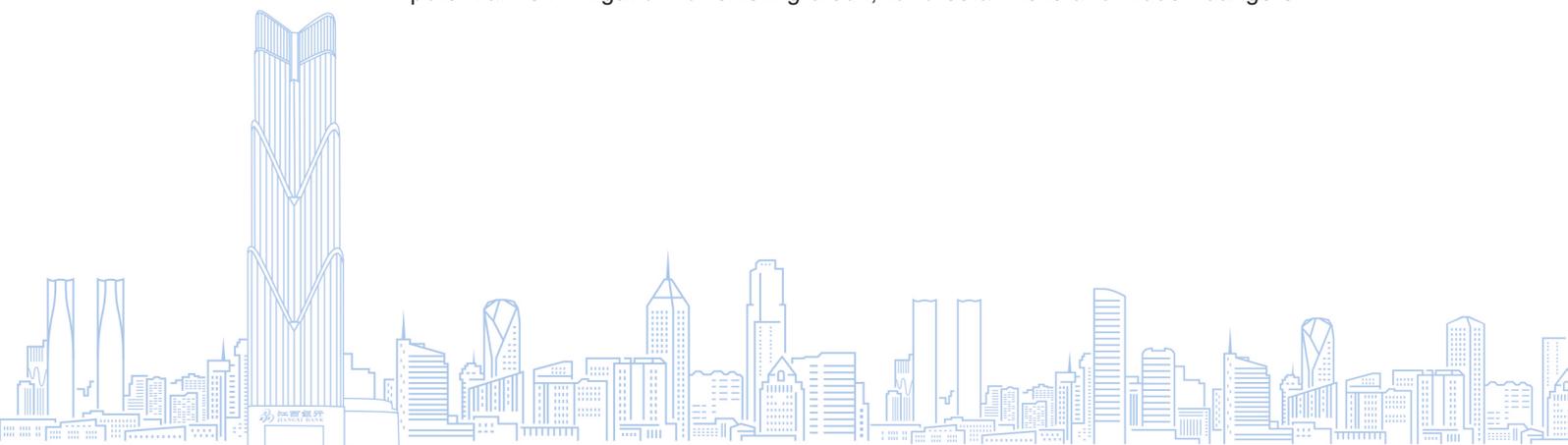
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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 the credit risk management mechanism. We optimized the risk classification management of financial assets, improved the risk classification requirements, and promoted the implementation of the expected credit loss method. We perfected the asset impairment management system, and promoted more accurate identification and assessment of credit risks, to comprehensively and truly reflect the quality of assets.
2. Tightening risk limit control. We strengthened the management of single-customer credit limits, and continued to deepen the risk management and control of the concentration in single industries and products. We carried out regular monitoring and reporting of risk limits to guard against the risk of "large concentrated loans". In addition, we promoted the optimization of credit structure.
3. Enhancing intelligent risk control. We strengthened risk data governance and the construction of risk control model. In this regard, we built anti-fraud models for retail credit products, and optimized and iterated inclusive, intelligent retail credit models. We improved the application of public ratings in single-customer limit management, continued to improve risk control intelligence, and expanded the application areas of intelligent risk control models.
4. Strengthening the capability of post-credit warning and disposal. Focusing on post-credit key links and areas, the Bank would carry out off-site analyses and inspections, formulate management and control programs for large-amount credit, and implement plans for potential risk mitigation for existing credit, to forestall risks and hidden dangers.



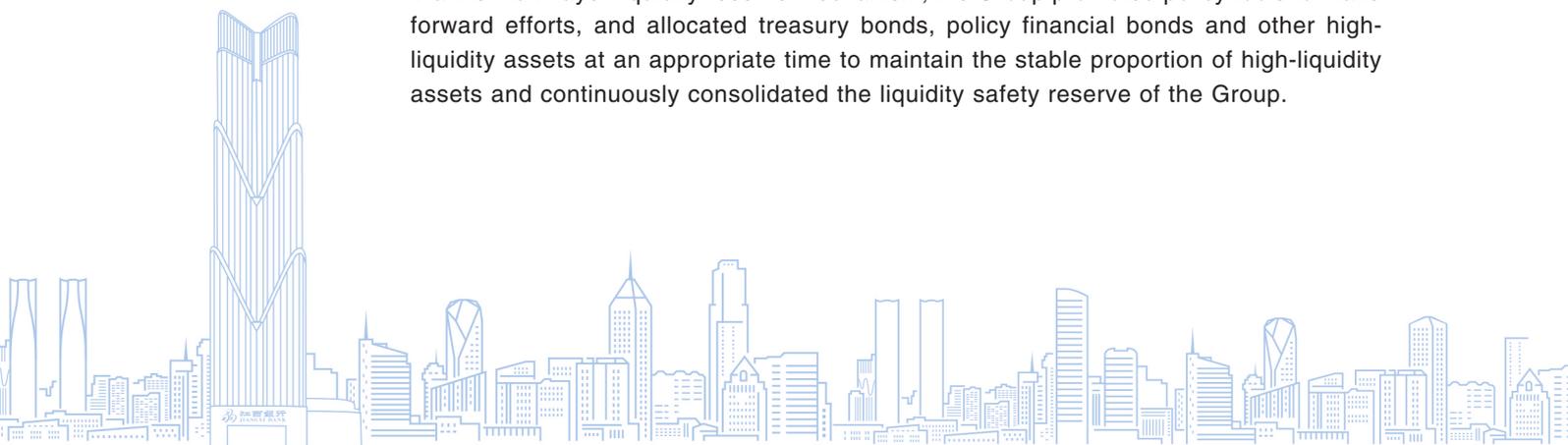
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3.10.2 Liquidity Risk Management

Liquidity risk refers to the risk of loss or bankruptcy caused by the not timely 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. In the process of stable economic recovery during the pandemic prevention and control, the Bank timely monitored the maturity assets and liabilities within each maturity window. Through forward-looking market research and judgment, the Bank further increased credit supply to the real economy, and maintained the reasonable matching of assets and liabilities through actively absorbing core liabilities, strengthening the cooperation relationship with key customers and peers, and combining with the sound asset and liability allocation.
2. The liquidity level of the Group remained reasonable and sufficient, all liquidity regulatory indicators were higher than the regulatory requirements, and maintained an upward stable trend. As of June 30, 2023, the Group's liquidity ratio was 97.53%, NSFR was 148.71%, and liquidity coverage ratio was 414.86%. The balance of qualified high-quality liquid assets was RMB61.573 billion, and the amount of net cash outflow in the next 30 days was RMB14.842 billion.
3. By optimizing and improving the real-time fund monitoring system, the Bank fully implemented the full coverage of online and offline monitoring of large-sum funds of all outlets, and properly prepared the position forecast and capital planning to ensure the orderly and safe daytime payments of the Group. Taking into account the complex macro situation, the Bank insisted on conducting regular liquidity stress tests, simulated the impact of extreme small probability events, explored potential risk points, made up for its own shortcomings, and continuously improved the asset and liability allocation strategy.
4. Via the multi-layer liquidity reserve mechanism, the Group promoted policy tools to make forward efforts, and allocated treasury bonds, policy financial bonds and other high-liquidity assets at an appropriate time to maintain the stable proportion of high-liquidity assets and continuously consolidated the liquidity safety reserve of the Group.



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 rates including interest rates, exchange rates, commodity prices, stock prices and other prices, which exists in the trading and non-trading businesses of banks.

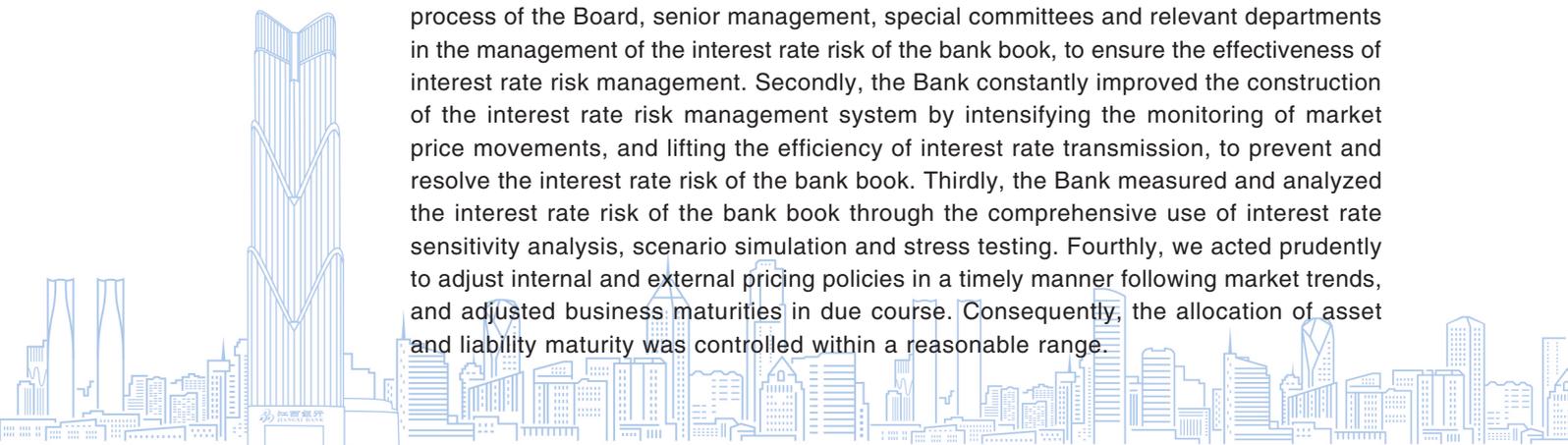
The major market risks faced by the Bank include transaction book interest rate risk, bank book interest rate risk and bank book exchange rate risk.

1. *Transaction book interest rate risk management*

During the Reporting Period, the Bank mainly took the following measures to manage the interest rate risk of the transaction book: Firstly, the Bank improved the market risk management system. The market risk management system and limit management measures were revised to effectively guide risk prevention and control and business development. Secondly, the Bank optimized the monitoring plan for limit indicators. The Bank increased the coverage of limit use, strengthened risk limit monitoring, and ensured that the risk level operated within a reasonable range. Thirdly, we improved the level of risk measurement. The Bank optimized the template of stress test tools, enriched stress test scenario analysis, and improved the professional quality of bond valuation measurement through knowledge transfer training. Fourthly, the Bank consolidated the foundation of market risk management. The Bank took the opportunity of interbank research to identify and rectify deficiencies and enhance risk management capabilities. By focusing on the difficulties and obstacles of implementing new regulations on market risks, the Bank conducted capital measurement under new regulations, laying a foundation for the subsequent launch of new standard law projects.

2. *Bank book interest rate risk management*

During the Reporting Period, the Bank mainly took the following measures to manage the interest rate risk of the trading book: Firstly, the Bank established an architecture for managing the interest rate risk, and clarified the roles, responsibilities and reporting process of the Board, senior management, special committees and relevant departments in the management of the interest rate risk of the bank book, to ensure the effectiveness of interest rate risk management. Secondly, the Bank constantly improved the construction of the interest rate risk management system by intensifying the monitoring of market price movements, and lifting the efficiency of interest rate transmission, to prevent and resolve the interest rate risk of the bank book. Thirdly, the Bank measured and analyzed the interest rate risk of the bank book through the comprehensive use of interest rate sensitivity analysis, scenario simulation and stress testing. Fourthly, we acted prudently to adjust internal and external pricing policies in a timely manner following market trends, and adjusted business maturities in due course. Consequently, the allocation of asset and liability maturity was controlled within a reasonable range.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3. *Bank book exchange rate risk management*

During the Reporting Period, the Bank mainly took the following measures to manage the exchange rate risk of the bank book: Firstly, the Bank paid attention to the economic situation and exchange rate trends at home and abroad, strengthened the daily monitoring and early warning of foreign exchange exposure, strengthened the management of interbank flat trading, and maintained a low level of overnight positions to avoid the risk of exchange rate fluctuations. Secondly, the Bank strengthened cooperation with interbank institutions, explored the independent development of proprietary foreign exchange market-making trading model, ensured targeted and differentiated authorization management under controllable risks, and met the needs of both business development and risk management and control.

3.10.4 Operational Risk Management

Operational risks refer to the risks 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. Ramping up risk identification and assessment. The Bank conducted compliance checks throughout the entire process to better identify operational risk difficulties from point to point. The Bank also enhanced employee behavior management, and strengthened the online, dynamic early warning and monitoring of employee behavior. In addition, the Bank sorted out and updated the risk points and control measures of business processes and management activities, to reveal the hidden risks of current and potential operational risks in key business areas.
2. Ongoing monitoring and early warning. Setting the operational risk appetite, the Bank continuously monitored key risk indicators of each business line, collected and sorted out operational risk loss data, and monitored the operational risk management of each business line.
3. Fostering a risk control environment. The Bank controlled all risk areas through internal control and risk management. Specifically, the Bank promoted the reform and reshaping of the compliance system, refined the features of the internal control and compliance and operational risk systems, and strengthened the optimization of features of the legal affairs and regulatory rectification modules. With the concept of compliance management deeply rooted in its culture, the Bank further raised the awareness of compliance of all its employees in the operation and management activities.
4. Reducing the impact of risks. On the basis of analyzing the distribution of risk points, frequency of occurrence and degree of loss, the Bank adopted appropriate mitigation methods to limit, reduce or spread operational risks. For instance, the Bank promoted the rectification of regulatory problems, improved the accountability system, and mapped out plans for business continuity and disaster preparedness drills.

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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, the Bank mainly adopted the following measures to strengthen information technology risk management:

1. Strengthening risk inspection and assessment. The Bank carried out special investigations such as comprehensive assessment of information technology risk management and risk assessment of information technology outsourcing. The Bank also pushed forward the improvement to the information technology management system, and shored up weak spots in data security control.
2. Strengthening dynamic risk monitoring. The Bank optimized the key supervisory index system for information technology risk, and continuously monitored and assessed the operation of the Bank's important information systems, network security, and the risk of introducing new products and technologies, to understand the protection of the Bank's information system and network security in time.
3. Strengthening business continuity management. The Bank conducted business continuity management assessment, improved the business continuity management system, organised business continuity drills, and continuously improved the emergency support capabilities of important information systems.



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3.10.6 Legal and Compliance Risk Management

1. *Legal risk management*

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 continued the legal pre-review of new products and business, rules and regulations, and investment business by following external supervision requirements and internal requirements, to forestall and resolve legal risks in advance. The Bank printed and issued the Implementation Plan for Strengthening the Management of Legal Affairs Throughout the Bank (《加強全行法律事務管理工作實施方案》). According to the plan, the Bank positioned the Compliance Department of the head office as the overall management department and legal service support center of the Bank's legal affairs and compliance management, and included full-time legal reviewers in the relevant departments. The Bank worked to give full play to the role of legal compliance in supporting completing the Bank's development tasks, preventing risks, and creating value. The Bank also organized a range of activities of Civil Code Publicity Month with the theme of "Good Life – Civil Code Companion" to create a favorable legal environment for the cadres and employees to understand, learn and use the law, and to escort the optimization of the business environment.

2. *Compliance risk management*

Compliance risks refer to the risks 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 performed well in various aspects of compliance management, with the focus on promoting the commercialization of results of the reform of the compliance system in depth and breadth, and propelling its operation in compliance with the law. Depending on the particular work conditions, the Bank printed and issued the Key Points of Compliance Management of Jiangxi Bank in 2023 (《江西銀行 2023 年度合規管理工作要點》), which advanced the Bank's development around its strategic development planning from the aspects of responsibility fulfillment, compliance culture, supervision and inspection, accountability and assessment. The document gave the Bank a leg up in comprehensively enhancing the Bank's compliance management capability and level, and provided strong support and guarantee for securing the Bank's high-quality development.

CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3. *Money laundering risk management*

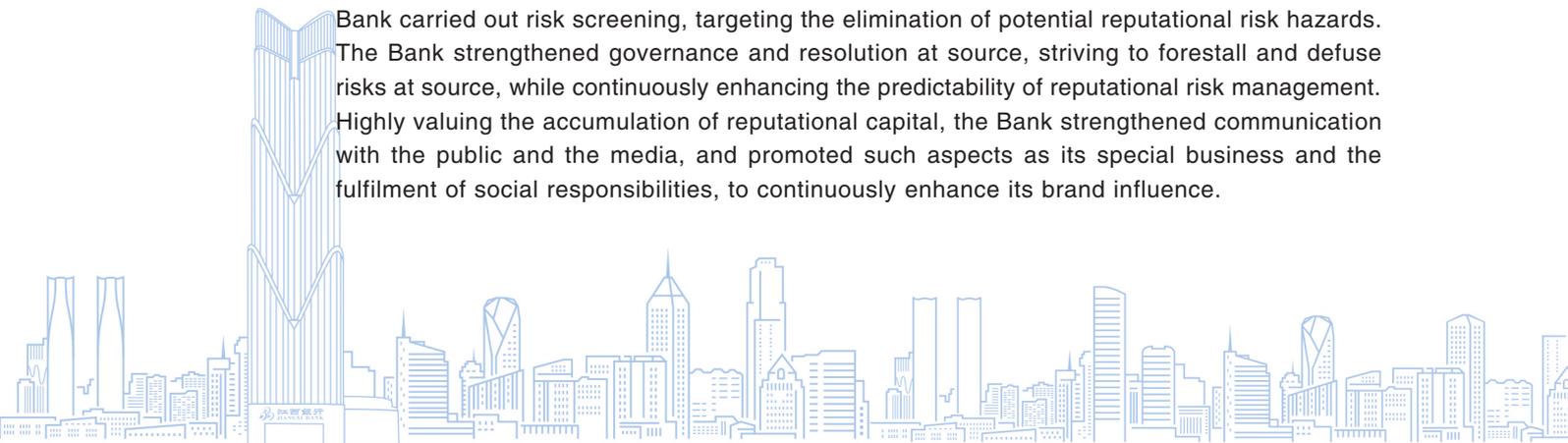
Money laundering risks refer to the risks faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.

During the Reporting Period, the Bank, focusing on six key areas of risk investigation, including issuing false invoice for tax evasion, carried out random spot checks of anti-money laundering operations, reassessed the money laundering risk of the Bank's low-risk products, and promptly reported and disposed of key suspicious clues to ascertain the potential risks. Stretching internal and external training resources, the Bank organized and carried out differentiated thematic training for AML personnel at all levels. The Bank also established a regular exchange mechanism between the AML office and the business departments, to improve the AML performance capability through "learning, cooperation and correction". Through publicity activities themed "working with the people, and guarding for you", the Bank explained the dangers and illegality of money-laundering by analyzing some cases, to enhance the public's awareness of preventing money-laundering risks and of the need to cooperate in identity identification.

3.10.7 Reputational Risk Management

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, following the new characteristics and requirements of reputational risk management under the new situation, enhanced its awareness of reputational risk, improved its emergency management system, and optimized its whole process management for timely response and disposal. The Bank did a solid job of monitoring public opinion 24 hours a day, 365 days a year, focusing on strengthening the monitoring of public opinion during special and sensitive periods, to maintain a stable online public opinion environment of the Bank. The Bank carried out risk screening, targeting the elimination of potential reputational risk hazards. The Bank strengthened governance and resolution at source, striving to forestall and defuse risks at source, while continuously enhancing the predictability of reputational risk management. Highly valuing the accumulation of reputational capital, the Bank strengthened communication with the public and the media, and promoted such aspects as its special business and the fulfilment of social responsibilities, to continuously enhance its brand influence.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.10.8 Strategic Risk Management

Strategic risks refer to the risks caused by improper business strategy or changes in the external business environment.

The year 2023 marks the first year of the comprehensive implementation of the spirit of the Twentieth National Congress of the CPC, which is also a crucial year for the implementation of the 14th Five-Year Plan. The Bank, in alignment with the development strategy of serving the country and Jiangxi Province, has adhered to the development positioning of “serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy”, and formulated the Implementation Plan for the Implementation of the Strategic Planning of the Third Session of the Board of Directors. Upholding the principle of high-quality Party building leading high-quality development, the Bank has maintained steady growth with constant optimizations to its business structure. The Bank has continued cementing its foundation to achieve tangible results in development in the process of “stabilization, consolidation, enhancement and breakthrough”. By tracking and analyzing important information such as macroeconomic situation, regulatory policies and peer dynamics, the Bank has established a regular analysis mechanism for business development and continuously strengthened internal and external strategic risk monitoring. As of the end of the Reporting Period, the Bank’s strategic risks were stable and controllable on the whole.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11 CAPITAL MANAGEMENT

As of December 31, 2021, December 31, 2022, and June 30, 2023, the adequacy ratios of the Group's core tier-one capital were 9.66%, 9.65% and 9.73%, respectively; the adequacy ratios of the tier-one capital were 11.80%, 12.82% and 12.85%, respectively; the adequacy ratios of the capital were 14.41%, 14.00% and 14.02%, respectively. As of June 30, 2023, the Group's gearing ratio was 91.10%, which is calculated by dividing liabilities by assets.

As of December 31, 2021, December 31, 2022 and June 30, 2023, the Group's leverage ratios were 7.98%, 8.68% and 8.60% respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios Table

Item	As of June 30, 2023	As of December 31, 2022
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	37,248.12	36,366.53
Net tier-one capital	49,181.41	48,298.78
Net tier-two capital	4,499.99	4,439.62
Net capital	53,681.40	52,738.40
Risk weighted assets	382,779.14	376,684.50
Credit risk-weighted assets	358,776.45	354,054.13
Market risk-weighted assets	2,733.38	1,361.07
Operational risk-weighted assets	21,269.31	21,269.31
Core tier-one capital adequacy ratio	9.73%	9.65%
Tier-one capital adequacy ratio	12.85%	12.82%
Capital adequacy ratio	14.02%	14.00%



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.12 SOCIAL RESPONSIBILITIES

Serving the real economy. The Bank insisted on taking serving the real economy as the starting point and ultimate goal of all work, unswervingly served the strategic overall situation of the country and Jiangxi Province, and wholeheartedly served the local economic development. As of the end of the Reporting Period, the Bank's loan increment ranked first among city commercial banks in Jiangxi Province in terms of increment. The inclusive small and micro enterprise loans with the credit supply hit the record high in history for the same period. The growth rate of loans in key areas such as green finance, major key projects and key industrial chains reached double-digit.

Supporting rural revitalization. The Bank conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council on rural revitalization, and formulated the "1+3+N" financial service system, which was composed of a master plan, three service programs and N working initiatives, to provide "wisdom + scenario + finance" ecological services for the "Sannong" clientele. As of the end of the Reporting Period, the Bank's balance of agriculture-related loans amounted to RMB57.394 billion, representing an increase of RMB8.966 billion as compared with the end of the previous year, representing an increase of 18.51%. The Bank served 12,473 agriculture-related customers, and the weighted average interest rate of agriculture-related loans in Jiangxi Province was 5.6%, representing a decrease of 0.2 percentage points from the same period of last year. The balance of inclusive agriculture-related loans amounted to RMB7.860 billion, representing an increase of RMB1.8 billion as compared to the end of the previous year, which was higher than the growth rate of various loans (excluding discounted bills) of the Bank of 19.62 percentage points. The growth rate of inclusive agriculture-related loans was not lower than the growth rate of various loans.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Committed to protecting the rights and interests of consumers. The Bank organized financial knowledge publicity and educational activities. The Bank's first financial education demonstration base – Yichun financial education demonstration base was officially awarded, highlighting the Bank's education brand of financial knowledge popularization. The Bank organized and carried out promotional activities of the Law on Combating Telecom and Online Fraud (《反電信網絡詐騙法》) and the prevention of illegal fund-raising around the Spring Festival, the “3•15” consumer rights and interests protection, the “Popularizing Financial Knowledge and Keeping the ‘Money Bag,” the Long March of Financial Knowledge Popularization and other thematic activities. These activities helped consumers learn about financial common sense, understand financial policies and prevent financial risks. Continuously promoting the construction of a diversified financial dispute resolution mechanism, the Bank liaised with the people's mediation committee of the banking sector to jointly provide consumers with diversified ways to resolve disputes. In this way, the consumers gained the sense of gain, happiness and security more keenly and sustainably.

Easing the difficulties of enterprises. The Bank used the tool of “re-lending for agricultural and small enterprises” to reduce the capital cost of loans to small and micro enterprises and ease the financial burden of small and micro enterprises in difficulty. The Bank continued promoting the work of fee reduction and transferring profits, and implemented the policies on fee reduction and transferring profits in strict accordance with the regulatory provisions. The Bank fulfilled its social responsibilities by reducing the cost of enterprise financing, optimizing the financing environment and benefiting the real economy. During the Reporting Period, the Bank had reduced or exempted customers' handling fees by a total of RMB14.6429 million, and handled the deferred repayment of principal and interest for 2,575 loans of 2,411 enterprises (including individual business and owners of small and micro-enterprises), involving amount of RMB11.964 billion.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.13 FUTURE DEVELOPMENT PROSPECTS

With the continued introduction and implementation of economic stabilization policies and measures, the economy shows signs of stabilization and improvement. We can also see that the external environment is intricate and complicated, and problems such as insufficient demand, weak expectations and weak momentum are still pronounced. The foundation for sustained economic recovery and development remains shaky. Looking ahead to the second half of the year, the Bank will, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the guiding principles of the 20th CPC National Congress, do more in implementing the guiding principles of General Secretary Xi Jinping's important speeches during his visit to Jiangxi Province and the guiding principles of his important exposition on financial work, and apply the new development philosophy in a complete, correct and comprehensive manner. Furthermore, the Bank, focusing on the "three highlands" and the implementation of the "five-pronged strategies" proposed in the fourth plenary session of the 15th CPC Jiangxi Committee, will align with the capital needs of key areas and major projects under the "14th Five-Year Plan" of Jiangxi Province. To that end, the Bank will increase its credit investment in traditional industry upgrading, green and low-carbon industries, strategic emerging industries, high-tech enterprises and "specialized and innovative" small and medium-sized enterprises, and advanced manufacturing industries. Additionally, the Bank will further enhance its competitive edge through innovation of financial products and cultivation of service features and work on the Implementation Plan for the Implementation of the Strategic Planning of the Third Session of the Board of Directors. This is how we will achieve the annual goal and task of "One Guarantee, Two Accelerations and Three Breakthroughs" to practically transform the fruits of thematic education into the practical results of high-quality development. Take the new image as the vivid practice of the connotation of "New Jiangxi Bank and Heart-to-Heart Service" and contribute to the strength of Jiangxi Bank in writing Jiangxi's chapter of Chinese path to modernization.



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, 2023, 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, 2022	Changes in the Reporting Period	As of June 30, 2023
Domestic Shares	State Fund	439,390,278	–	439,390,278
	Corporate Fund	4,164,247,754	–	4,164,247,754
	Individual Fund	75,138,869	–	75,138,869
H Shares		1,345,500,000	–	1,345,500,000
Total		6,024,276,901	–	6,024,276,901

4.2 SHAREHOLDER DATA

4.2.1 Total Number of Domestic Shareholders

As of June 30, 2023, the Bank had a total of 8,872 Domestic Shareholders, including 29 state Shareholders, 285 corporate Shareholders and 8,558 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

(Unit: share)

No.	Name of Shareholder	Nature of shareholder	Total number of shares held as of June 30, 2023	Changes as compared to December 31, 2022	Percentage of total share capital as of June 30, 2023 (%)	Status of shares	Pledged or frozen 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, 2023, 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 ¹	Changes as compared to December 31, 2022	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Jiangxi Provincial Communications Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
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 ⁵	H Shares	Others	270,584,000 (L)	0	20.11%	4.49%
China National Tobacco Corporation Jiangxi Branch ⁶	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. ⁷	Domestic Share	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Chiyu Banking Corporation Limited ⁸	H Shares	Beneficial owner	123,248,500 (L)	0	9.16%	2.05%
Xiamen International Bank Co., Ltd. ⁸	H Shares	Interest of controlled corporation	123,248,500 (L)	0	9.16%	2.05%
AMTD Asia Limited ⁹	H Shares	Beneficial owner	122,841,500 (L)	0	9.13%	2.04%
AMTD Group Company Limited ⁹	H Shares	Interest of controlled corporation	122,841,500 (L)	0	9.13%	2.04%
CITIC Guoan Group ¹⁰	H Shares	Interest of controlled corporation	115,213,000 (L)	0	8.56%	1.91%
Road Shine Developments Limited ¹⁰	H Shares	Beneficial owner	115,213,000 (L)	0	8.56%	1.91%

CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Changes as compared to December 31, 2022	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
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) ¹¹	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹¹	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%
Yichun Yuanzhou Guotou Group Co., Ltd. (宜春市袁州區國投集團有限公司) ¹²	H Shares	Interest of controlled corporation	94,513,000 (L)	94,513,000	7.02%	1.57%

Notes:

- (L) represents long position, and (S) represents short position.
- As at June 30, 2023, 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 (according to the appointment and removal documents of the People's Government of Jiangxi Province, XIE Jianfa (謝兼法) is the chairman of Jiangxi Provincial Communications Investment Group Co., Ltd. As of the Latest Practicable Date, the registration of change of legal representative has not been completed). 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).
- 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 is Jiangxi Provincial Financial Assets Center (江西省財政資產中心), its de facto controller is Jiangxi Provincial Financial Assets Center.
- 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.
- 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).
- Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is OUYANG Dian (歐陽澗). Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Pingxiang State-owned Assets Supervision and Administration Commission (萍鄉市國有資產監督管理委員會).

CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

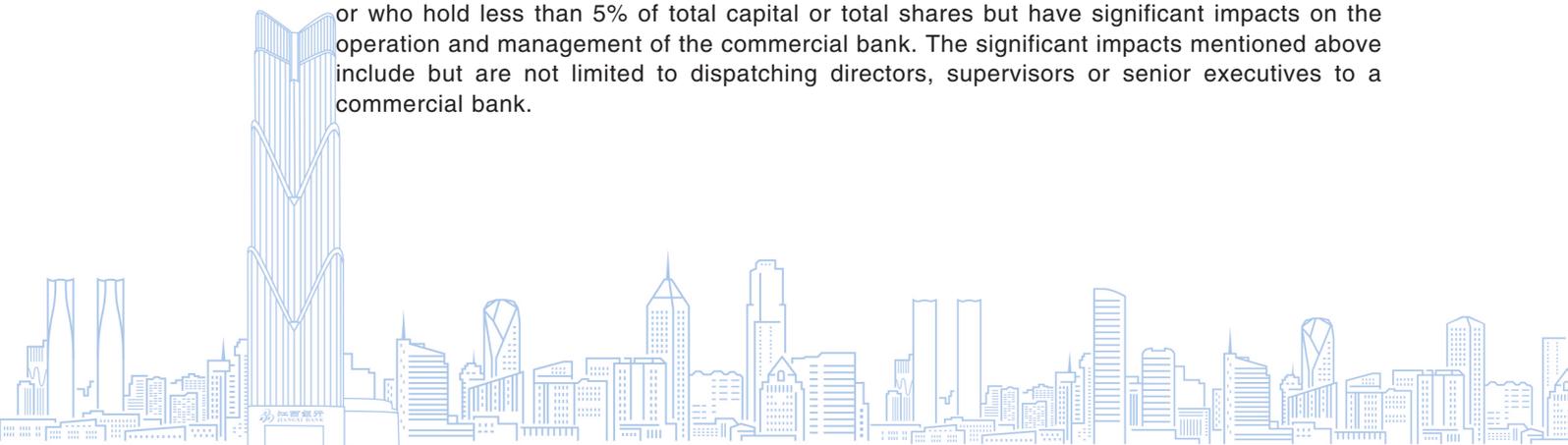
8. Chiyu Banking Corporation Limited directly holds 123,248,500 shares of the Bank, and Xiamen International Bank Co., Ltd. indirectly holds 69.63% interest in Chiyu Banking Corporation Limited through its wholly-owned subsidiaries. Therefore, Xiamen International Bank Co., Ltd. is deemed to be interested in the H shares of the Bank held by Chiyu Banking Corporation Limited.
9. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and AMTD Group Company Limited indirectly holds 100% interest in AMTD Asia 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.
10. CITIC Guoan Group indirectly holds 115,213,000 H Shares of the Bank held by Road Shine Developments Limited through its controlled corporation, Guoan (HK) Holdings Limited. 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, respectively.
11. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yichun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產管理監督委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
12. Yichun Yuanzhou Financial Holding Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LIU Huanhuan. The controlling shareholder of Yichun Yuanzhou Financial Holding Co., Ltd. is Yichun Yuanzhou Guotou Group Co., Ltd., and the actual controller is Yichun Yuanzhou District State-owned Assets Supervision and Administration Office (宜春市袁州區國有資產監督管理辦公室).

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.

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 CBIRC in 2018 (former CBRC Order 2018 No. 1), substantial shareholders of a commercial bank mean 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 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.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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 ¹	Changes as compared to December 31, 2022	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Nanchang Municipal Bureau of Finance ³	Domestic Shares	Beneficial owner	228,070,170 (L)	0	4.87%	3.79%
Jiangxi Copper Company Limited ⁴	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, 2023, 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 DENG Feng (鄧峰). DENG Feng is the Party secretary of Nanchang Municipal Bureau of Finance and the candidate nominated by the Nanchang Municipal Bureau of Finance.
- 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. (江西省交投資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 and Supply Chain Co., Ltd. (江西省交投供應鏈有限公司), 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), etc.
2	Jiangxi Financial Holding Group Co., Ltd.	Jiangxi Provincial 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 Fanc Supply Chain Financial Service Co., Ltd. (江西省財通供應鏈金融集團有限公司), Jiangxi Financial Supply Chain Services Co., Ltd.(江西金控供應鏈服務有限公司), 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 Kingsen International Trade Co., Ltd. (江西星森國際貿易有限公司), Jiangxi Financial Holding Foreign Trade Group Co., Ltd. (江西省金控外貿集團股份有限公司), Jiangxi Finance Holding Industrial Development Co. Ltd. (江西省金控實業發展有限公司), 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	Jiangxi Copper Company Limited (江西銅業股份有限公司)	State-owned Assets Supervision and Administration Commission of Jiangxi Province, Jiangxi State-owned Capital Operation Holding Group Co., Ltd., Jiangxi Copper Corporation Limited, Jiangxi Copper Lead & Zinc Metals 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 Corporation Construction Limited (江西銅業集團建設有限公司), etc.



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: in millions)

No.	Name of Shareholder	Credit balance	Controlling	Credit balance	De facto	Credit balance	Persons	Credit balance	Ultimate	Credit balance	Related party	Credit balance	Total
			shareholder of the enterprise		controller		acting in concert		beneficiary				
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,776.64	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,776.64	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. Jiangxi Provincial Expressway Investment and Supply Chain Co., Ltd.	488.75 673.00	3,938.39
2	Jiangxi Financial Holding Group Co., Ltd.	495.00	Jiangxi Provincial Financial Assets Center(江西省財政資產中心)	-	Jiangxi Provincial Financial Assets Center	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	495.00	Jiangxi Financial Asset Management Co., Ltd. Jiangxi Fanc Supply Chain Financial Service Co., Ltd. (江西省財通供應鏈金融集團有限公司) Jiangxi Financial Supply Chain Services Co., Ltd. (江西金控供應鏈服務有限公司) Jiangxi Financial Holding Foreign Trade Co., Ltd. Jiangxi Xingsen International Trade Co., Ltd. Jiangxi Jinkong Industrial Development Co., Ltd. (江西省金控實業發展有限公司)	850.00 300.00 80.00 100.00 50.00 400.00	2,275.00



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling		Persons		Ultimate		Credit		Credit balance	Total		
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert	Credit balance	beneficiary			Related party	
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	-	0.00		
4	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	Jiangxi Copper Lead-zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司)	153.23	153.23
Total		3,271.64	-	-	-	-	-	-	3,271.64	-	3,094.98	6,366.62	



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

None

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

None

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

None

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 587,980,164 Domestic Shares held by 23 Domestic Shareholders were pledged, accounting for 9.76% 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, 22 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 514,088,164 shares were restricted, accounting for 8.53% 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 ¹	Title
ZENG Hui	Female	September 1970	August 4, 2022	Chairman, Executive Director, secretary to the Party Committee
LUO Xiaolin	Male	March 1971	August 3, 2022	Vice chairman, Executive Director, deputy secretary to the Party Committee, president
YU Minxin	Male	October 1977	June 28, 2022	Non-executive Director
DENG Yonghang	Male	June 1974	September 5, 2022	Non-executive Director
XIONG Jiemin	Female	November 1985	September 5, 2022	Non-executive Director
ZHUO Liping	Female	December 1972	June 28, 2022	Non-executive Director
LI Shuiping	Male	October 1968	September 5, 2022	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

Note:

- The table set out the Directors of the third session of the Board elected at 2021 annual general meeting on June 28, 2022, and the relevant Directors obtained the approval of directorship qualifications from the former CBIRC Jiangxi Office.

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

5.1.2 Supervisors

As at the end of the Reporting Period, the Board of Supervisors currently consists of five Supervisors, including two employee representative Supervisors, one shareholder representative Supervisor and two external 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.

Current 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
LUO Ping	Male	October 1957	June 28, 2022	External Supervisor
LI Xunlei	Male	September 1963	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

Resigned Supervisors

Name	Gender	Date of birth	Commencement of term of office of the third session of the Board of Supervisors	Title
WANG Guizhi ¹	Female	August 1960	June 28, 2022	External Supervisor

Note:

- On March 24, 2023, Ms. WANG Guizhi submitted a written resignation to the Bank to resign from the position of external Supervisor of the Bank, with effect from the date of resignation.

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

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

During the Reporting Period, there was no change in the Directors of the Bank.

5.2.2 Changes of Supervisors during the Reporting Period

On March 24, 2023, Ms. WANG Guizhi submitted a written resignation letter to the Bank, resigning from the position of external supervisor of the Bank, with effect from the date of resignation.

5.2.3 Changes of Senior Management Members during the Reporting Period

During the Reporting Period, there was no change in the senior management members of the Bank.

5.2.4 Changes in Information of Directors, Supervisors and Chief Executives

During the Reporting Period, Director Wang Yun ceased to be an independent director of Jiangxi 3L Medical Products Group Co., Ltd. (江西3L醫用製品集團股份有限公司) due to expiration of her term of office; Director Wong Hin Wing ceased to be an independent director of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited and Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司) due to expiration of his term of office, and has been an independent director of C Cheng Holdings Limited since April 2023.

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

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.

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

As at June 30, 2023, 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 ⁽¹⁾	Employee Representative Supervisor	Domestic Shares	Interest of spouse	2,000	0.000043%	0.000033%

Note:

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.

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

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 5,015 employees.

1 *By age*

The Bank has 1,603 employees aged 30 or under, accounting for 31.97% of the total number of employees; 2,444 employees aged 31 to 40, accounting for 48.73% of the total number of employees; 763 employees aged 41 to 50, accounting for 15.21% of the total number of employees; and 205 employees aged over 51, accounting for 4.09% of the total number of employees.

2 *By education*

The Bank has 4,754 employees with a bachelor degree or above, accounting for 94.80% of the total number of employees, and 261 employees with a college degree or below, accounting for 5.20% of the total number of employees.

3 *By gender*

The Bank has 2,301 male employees and 2,714 female employees. The Bank attaches great importance to gender diversity. As of the end of the Reporting Period, the ratio of male employees to female employees (including senior management) of the Bank was 45.88% and 54.12%, respectively. The Bank believes that gender diversity at the level of employees (including senior management) has been achieved during the Reporting Period. The Bank will continue to implement measures to support gender diversity of employees.



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

5.5.2 Employee Training Plan

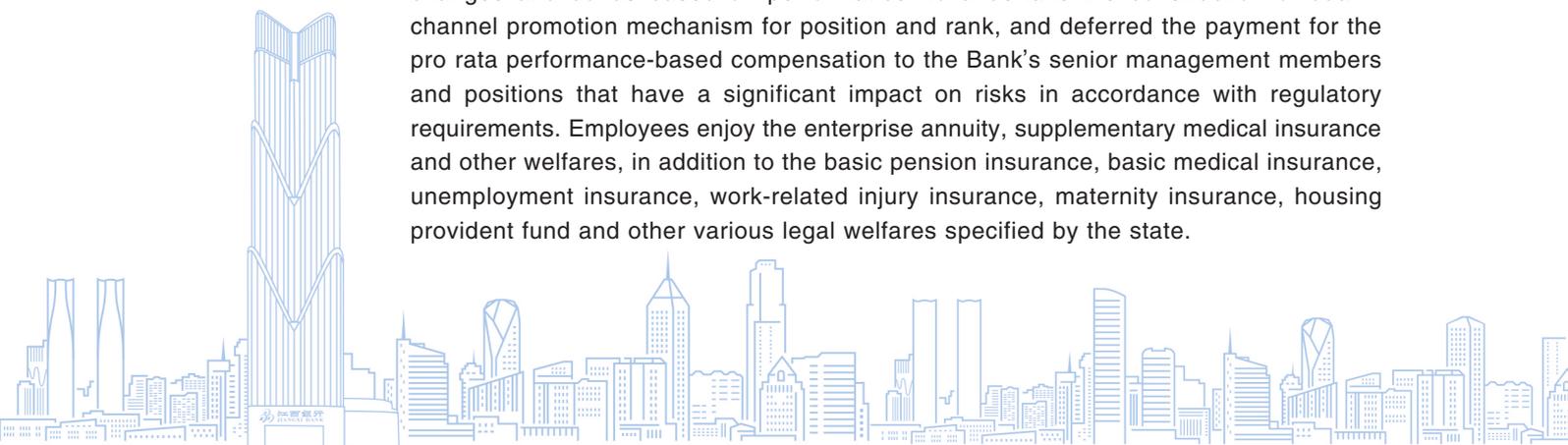
During the Reporting Period, the Bank continued to study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the important instructions of General Secretary Xi Jinping on cadre education and training, closely followed the spirit of the 20th National Congress of the Communist Party of China, firmly established the strategic position of talent-led development, strengthened the awareness of talents as the primary resource, highlighted the political training and the Party spirit, educated and guided the Party members and cadres of the Bank to resolutely defend “establishing Comrade Xi Jinping’s core position on the CPC Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era,” firmly established the “consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership,” and resolutely “uphold Comrade Xi Jinping’s core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee’s authority and its centralized, unified leadership”.

During the Reporting Period, focusing on the key tasks of the Bank, the Bank made solid efforts in the training of officers and employees, formulated 2023 Highlights of Education and Training of Officers and Employees of Jiangxi Bank (《江西銀行 2023 年度幹部員工教育培訓工作要點》), strengthened professional ability training, coordinated and focused on talent training in all business lines, and continuously improved the comprehensive quality of officers and employees of the Bank.

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 welfares, 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 welfares specified by the state.



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

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.

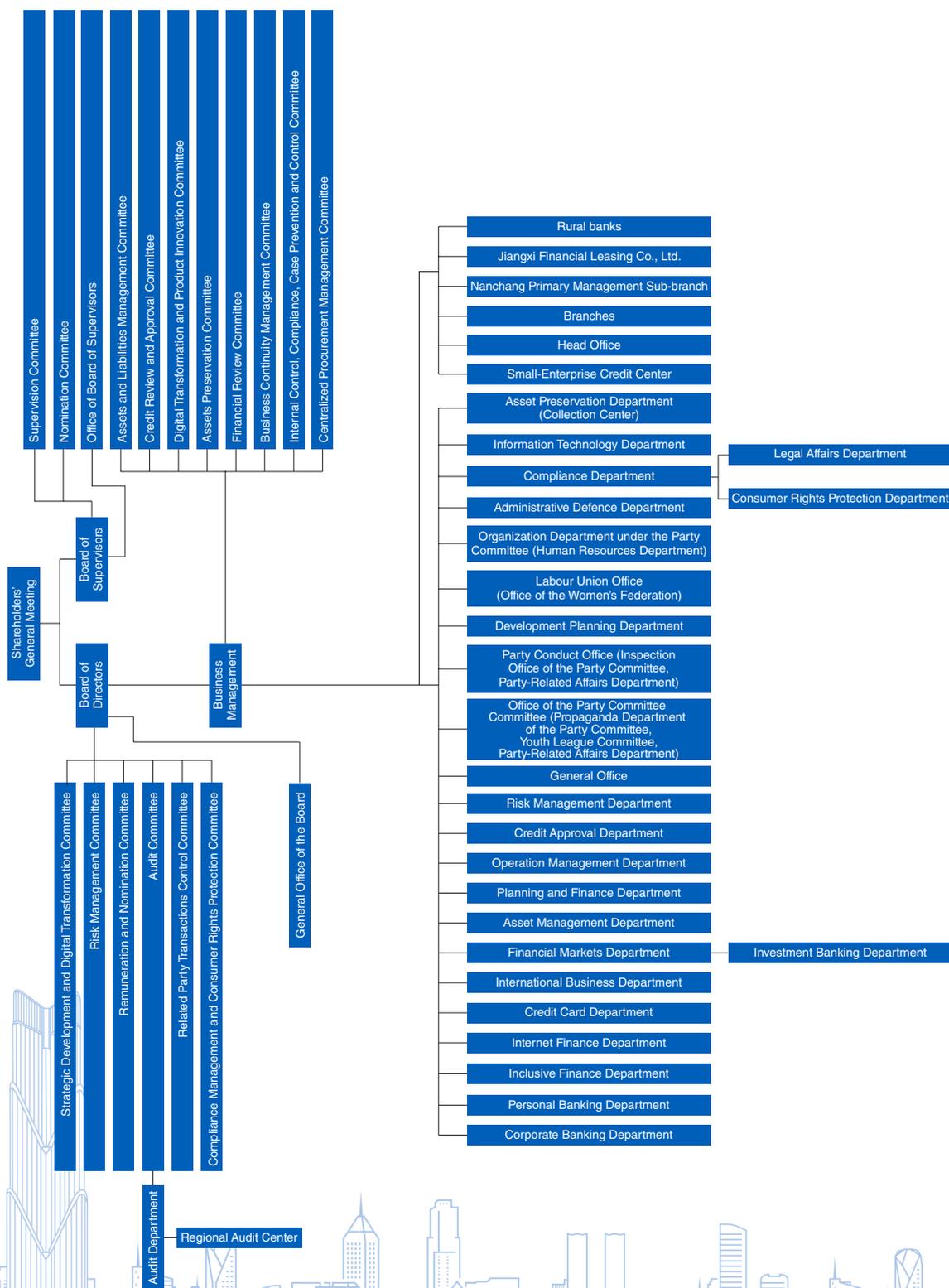
3 *Total amount of unpaid and paid deferred compensation*

During the Reporting Period, the Bank's total amount of accrued unpaid and paid deferred compensation was RMB103.6484 million and RMB2.0732 million respectively.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND 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 New 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, Yichun, Jiangxi Province	Governing 14 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu Branch	No. 69 Zhongshan Road, Yushui District, Xinyu, Jiangxi Province	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 Province	Governing 15 licensed institutions in Ji'an

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

Area	Name of institutions	Business address (in China)	Notes
Fuzhou, Jiangxi	Fuzhou Branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 11 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 6 licensed institutions in Guangzhou (Panyu branch has not commenced operation)
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 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.

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.

6.2 CONVENING OF GENERAL MEETINGS

During the Reporting Period, the Bank held one annual general meeting.

On May 30, 2023, the Bank held the 2022 Annual General Meeting and considered and approved the 2022 Board of Directors' Report, 2022 Board of Supervisors' Report, 2022 Annual Financial Statement, 2023 financial budget plan, 2022 profit distribution proposal, 2023 capital expenditure plan, etc.

CHAPTER VI CORPORATE GOVERNANCE

6.3 MEETINGS CONVENED BY THE BOARD AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of the Bank held 7 meetings, considered and approved 59 proposals and reviewed 2 proposals. The 6 special committees under the third session of the Board held 21 meetings, including 3 Strategic Development and Digital Transformation Committee meetings, 3 Audit Committee meetings, 2 meetings of the Compliance Management and Consumer Rights Protection Committee, 5 meetings of Risk Management Committee, 4 meetings of Remuneration and Nomination Committee and 4 meetings of Related Party Transactions Control Committee, each special committee considered and approved a total of 100 proposals and reviewed 11 proposals.

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 3 meetings, and considered 7 proposals. The Supervision Committee of the Board of Supervisors held 2 meetings and considered and discussed 4 items; the Nomination Committee of the Board of Supervisors held 3 meetings and considered and discussed 4 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 Planning and Finance Department, Audit Department and the Compliance Management Department, and conscientiously performed supervision duties and responsibilities of external supervisors.



CHAPTER VI CORPORATE GOVERNANCE

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. Optimizing the internal control management system. The Bank revised the rules of procedure of the Internal Control, Compliance, Case Prevention and Control Committee to optimize the committee's composition and procedures. The Bank improved the internal control and compliance assessment system, optimized the assessment indicators of internal control and compliance KPI of branches and sub-branches, and highlighted internal control and compliance management in key business areas.
2. Enhancing the supervision and inspection of internal control and compliance. Focusing on key issues of regulatory concern and internal system requirements as well as key business and weak links, the Bank, in conjunction with the internal control and compliance inspections in 2022, worked out the plan for internal control and compliance inspection for 2023, intensified the investigation and revelation of various types of risks and hidden dangers, to prevent the occurrence of non-compliance issues.
3. Promoting the rectification of regulatory findings. Focusing on promoting the rectification of regulatory findings identified through annual regulatory talks and other means, the Bank formulated rectification programs, clarified the quality control standards for rectification, implemented post-rectification assessment, cancellation and notification management, and fully implemented the rectification requirements. Besides, the Bank continuously optimized the internal control system and management mechanism.
4. Building a scientific accountability system. Through in-depth grass-roots research, comprehensive sorting of system bottlenecks, the Bank kept improving the accountability system, enhanced the scientific and precise management of accountability, and formed the accountability orientation of "accountability for dereliction of duty and exemption from liability in case of duty fulfillment". This helped foster a good internal control and compliance culture.

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

CHAPTER VI CORPORATE GOVERNANCE

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,” the internal audit department of the Group accurately mastered the new requirements for the audit work in the new phrase of development, carried out in-depth construction of the internal audit system, seized the opportunity of digital transformation, 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.



CHAPTER VII IMPORTANT MATTERS

7.1 BOND ISSUE AND REPURCHASE

7.1.1 Bonds issued

1 *Bonds issued*

Approved by the PBOC and the former CBIRC 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.

Approved by the PBOC and the former CBIRC Jiangxi Office, in September 2022, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB2 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 3.67% 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 September 23, 2027). 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.

Approved by the PBOC and the former CBIRC Jiangxi Office, in December 2022, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB2 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 4.79% 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 December 19, 2027). 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

Detailed information of bonds

Stock name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest Payment method
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
22 Jiangxi Bank Perpetual Bond 01	Floating rate	RMB2.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	3.67%	Annual payment
22 Jiangxi Bank Perpetual Bond 02	Floating rate	RMB2.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	4.79%	Annual payment

2 *Issue of interbank deposit receipts*

As of June 30, 2023, the Bank has successfully issued 139 interbank deposit receipts throughout the year, totaling book balance of interbank deposit of RMB55.965 billion, representing an increase of RMB3,803 million or 7.29% as compared to the end of the previous year.

3 *Repurchase*

The Bank or any of its subsidiaries did not repurchase any bonds during the Reporting Period.



CHAPTER VII IMPORTANT MATTERS

7.2 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1,345.5 million 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, 2023.

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

As of the end of the Reporting Period, there were 81 pending litigation and arbitration cases with a principal balance of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal balance of approximately RMB10.417 billion (including the amount written off); there were nine 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 RMB446 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, 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 and 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.

CHAPTER VII IMPORTANT MATTERS

7.8 MAJOR GUARANTEES AND COMMITMENTS

7.8.1 Major Guarantees

The provision of guarantee is one of the ordinary business of the Bank. During the Reporting Period, the Bank did not have any material guarantees which were required to be disclosed save for the financial guarantees within its business scope as approved by the PBOC and the former CBIRC.

7.8.2 Major Commitments

During the Reporting Period, there was no major commitment of the Bank.

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, 2023 prepared by the Group based on the International Accounting Standards issued by the International Accounting Standards Board.

On August 24, 2023, the Audit Committee reviewed and confirmed the Group's interim results announcement for the six months ended June 30, 2023, Interim Report 2023 and the unaudited interim financial report for the six months ended June 30, 2023 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 2022 annual general meeting held on May 30, 2023, the Bank considered and approved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED as domestic and international auditors of the Bank for 2023 respectively, with a term of office until the conclusion of the 2023 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.

CHAPTER VII IMPORTANT MATTERS

7.13 PROFIT DISTRIBUTION DURING THE REPORTING PERIOD

(1) Profit distribution in 2022

Upon consideration and approval at the 2022 annual general meeting held on May 30, 2023, the Bank decided to distribute cash dividends at RMB0.05 per share (including tax) to all Shareholders. The 2022 dividend of the Bank has been distributed on July 28, 2023.

(2) Profit distribution in mid-2023

The Bank did not distribute nor plan to distribute any interim dividend for the six months ended June 30, 2023.

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



CHAPTER VIII 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 condensed consolidated financial statements set out on pages 103 to 238 which comprise the condensed consolidated statement of financial position of Jiangxi Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and other explanatory notes (the “interim condensed consolidated financial statements”). 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 condensed consolidated financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. 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 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.



CHAPTER VIII REVIEW REPORT TO THE BOARD OF DIRECTORS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are 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, 25 August 2023



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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Interest income		9,922,135	10,350,971
Interest expense		(5,440,497)	(5,729,297)
Net interest income	4	4,481,638	4,621,674
Fee and commission income		214,152	442,976
Fee and commission expense		(47,104)	(69,536)
Net fee and commission income	5	167,048	373,440
Net trading gains	6	45,725	80,270
Net gains arising from financial investments	7	393,604	1,163,260
Other operating income	8	310,505	79,032
Operating income		5,398,520	6,317,676
Operating expenses	9	(1,600,052)	(1,543,248)
Impairment losses on assets	10	(2,439,357)	(3,207,254)
Operating profit		1,359,111	1,567,174
Share of profits of associates		3,765	2,955
Profit before taxation		1,362,876	1,570,129
Income tax expense	11	(136,995)	(252,785)
Profit for the period		1,225,881	1,317,344
Attributable to:			
Equity shareholders of the Bank		1,201,983	1,281,526
Non-controlling interests		23,898	35,818

The notes on pages 113 to 238 form part of this interim financial report. Details of dividends payable to equity shareholders of the Bank are set out in Note 34.

CHAPTER IX UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Profit for the period		1,225,881	1,317,344
Basic and diluted earnings per share (in RMB)	12	0.20	0.21
Other comprehensive income for the period, net of tax			
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		250,572	18,507
net movement in impairment losses		5,908	561,847
less: income tax effect		(64,120)	(4,627)
Other comprehensive income for the period, net of tax	33(a)	192,360	575,727
Total comprehensive income for the period		1,418,241	1,893,071
Attributable to:			
Equity shareholders of the Bank		1,394,343	1,857,253
Non-controlling interests		23,898	35,818
Total comprehensive income for the period		1,418,241	1,893,071

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER X UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Assets			
Cash and deposits with the central bank	13	34,965,081	35,792,748
Deposits with banks and other financial institutions	14	1,989,192	1,451,495
Placements with banks and other financial institutions	15	8,737,732	5,632,339
Financial assets held under resale agreements	16	723,929	4,331,584
Loans and advances to customers	17	317,544,135	300,312,767
Financial investments:	18		
– Financial investments at fair value through profit or loss		46,751,555	43,546,143
– Financial investments at fair value through other comprehensive income		25,659,545	23,484,887
– Financial investments at amortised cost		91,104,545	90,065,861
Interest in associates	19	137,048	133,283
Property and equipment	21	2,058,317	2,155,188
Deferred tax assets	22	6,175,808	5,463,885
Other assets	23	2,797,176	3,202,471
Total assets		538,644,063	515,572,651
Liabilities and equity			
Liabilities			
Borrowing from the central bank		22,985,673	18,797,977
Deposits from banks and other financial institutions	24	12,596,223	13,266,957
Placements from banks and other financial institutions	25	4,002,619	4,103,534
Borrowing from other financial institutions	26	1,773,162	4,302,920
Financial assets sold under repurchase agreements	27	16,907,823	17,209,176
Deposits from customers	28	371,544,084	352,711,370
Income tax payable		503,927	850,047
Debt securities issued	29	55,964,917	52,161,884
Other liabilities	30	4,433,570	5,353,747
Total liabilities		490,711,998	468,757,612

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER X UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2023

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Equity			
Share capital	31	6,024,277	6,024,277
Other equity instruments			
– Perpetual debt	32	7,997,960	7,997,961
Capital reserve	33	13,783,099	13,590,739
Surplus reserve	33	3,220,431	3,220,431
General reserve	33	7,019,104	7,019,104
Retained earnings	34	9,096,209	8,195,440
Total equity attributable to equity shareholders of the Bank		47,141,080	46,047,952
Non-controlling interests		790,985	767,087
Total equity		47,932,065	46,815,039
Total liabilities and equity		538,644,063	515,572,651

The interim condensed consolidated financial statements have been approved by the Board of Directors of the Bank on 25 August 2023.

ZENG Hui
Legal Representative

LUO Xiaolin
President

CHENG Zongli
*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 113 to 238 form part of this interim financial report.

CHAPTER XI UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity shareholders of the Bank							Total RMB'000
	Note	Share capital		Other equity		Non-controlling interests		
		RMB'000	instruments RMB'000	capital reserve RMB'000	Reserve RMB'000	Sub-total RMB'000	RMB'000	
Balance at 1 January 2023	6,024,277	7,997,961	13,590,739	3,220,431	7,019,104	46,047,952	767,087	46,815,039
Changes in equity for the period								
Profit for the period	-	-	-	-	1,201,983	1,201,983	23,898	1,225,881
Other comprehensive income	-	-	192,360	-	-	192,360	-	192,360
Total comprehensive income	-	-	192,360	-	-	1,394,343	23,898	1,418,241
Other	-	(1)	-	-	-	(1)	-	(1)
Appropriation of profit	34	-	-	-	-	-	-	-
- Appropriation to shareholders	-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 30 June 2023 (unaudited)	6,024,277	7,997,960	13,783,099	3,220,431	7,019,104	47,141,080	790,985	47,932,065

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER XI UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity shareholders of the Bank								Total RMB'000	
	Note	Share capital		Other equity instruments		Retained earnings		Sub-total RMB'000		Non-controlling interests RMB'000
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
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 period:										
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 comprehensive income		-	-	575,727	-	-	1,281,526	1,857,253	35,818	1,893,071
Appropriation of profit	34									
– 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 113 to 238 form part of this interim financial report.

CHAPTER XI UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity shareholders of the Bank								Total RMB'000	
	Note	Share capital RMB'000	Other		Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		Non-controlling interests RMB'000
			Share capital instruments RMB'000	Capital reserve RMB'000						
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 year:										
Profit for the year		-	-	-	-	-	1,549,551	1,549,551	50,968	1,600,519
Other comprehensive income		-	-	75,374	-	-	-	75,374	-	75,374
Total comprehensive income		-	-	75,374	-	-	1,549,551	1,624,925	50,968	1,675,893
Issuance of perpetual debt	32(a)	-	3,998,924	-	-	-	-	3,998,924	-	3,998,924
Appropriation of profit	34	-	-	-	138,541	-	(138,541)	-	-	-
– Appropriation to surplus reserve		-	-	-	-	-	(138,541)	-	-	-
– Appropriation to general reserve		-	-	-	-	330,000	(330,000)	-	-	-
– Appropriation to shareholders		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
– Appropriation to perpetual debt interest		-	-	-	-	-	(192,000)	(192,000)	-	(192,000)
Balance at 31 December 2022 (audited)		6,024,277	7,997,961	13,590,739	3,220,431	7,019,104	8,195,440	46,047,952	767,087	46,815,039

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER XII UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before taxation		1,362,876	1,570,129
<i>Adjustments for:</i>			
Impairment losses on assets		2,439,357	3,207,254
Depreciation and amortisation		232,153	228,707
Interest income on financial investments		(2,258,112)	(2,903,629)
Unrealised foreign exchange gains		(5,861)	(1,838)
Net (gains)/losses on changes in fair value		(8,783)	2,680
Net gains arising from financial investments		(393,604)	(1,163,260)
Share of profits of associates		(3,765)	(2,955)
Interest expense on lease liabilities		17,639	18,290
Interest expense on debt securities issued		639,556	764,225
Net gains on disposal of non-current assets		(4,575)	(13,089)
Others		(292,217)	(95,499)
		1,724,664	1,611,015
<i>Changes in operating assets</i>			
Net decrease in deposits with the central bank		620,349	1,529,162
Net increase in deposits with banks and other financial institutions		(44,779)	(93,635)
Net increase in placements with banks and other financial institutions		(5,900,000)	-
Net increase in loans and advances to customers		(19,315,593)	(22,805,652)
Net increase in financial investments held for trading purpose		(1,578,221)	(1,521,186)
Net decrease in other operating assets		156,948	259,142
		(26,061,296)	(22,632,169)

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER XII UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Cash flows from operating activities (Continued)			
<i>Changes in operating liabilities</i>			
Net increase/(decrease) in borrowing from the central bank		4,168,769	(721,313)
Net decrease in deposits from banks and other financial institutions		(301,349)	(8,397,206)
Net decrease in placements from banks and other financial institutions		(100,000)	(2,620,000)
Net decrease in borrowing from other financial institutions		(2,450,000)	(2,482,000)
Net decrease in financial assets sold under repurchase agreements		(295,114)	(6,628,561)
Net increase in deposits from customers		17,492,325	6,791,495
Net (decrease)/increase in other operating liabilities		(335,486)	43,882
		18,179,145	(14,013,703)
Net cash flows used in operating activities before tax			
Income tax paid		(1,259,159)	(921,240)
		(7,416,646)	(35,956,097)
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		44,626,453	28,574,431
Net cash received from investment gains and interest		3,107,892	3,278,800
Proceeds from disposal of property and equipment and other assets		5,572	2,495
Payments on acquisition of investments		(49,477,184)	(24,093,647)
Payments on acquisition of non-current assets		(61,250)	(46,623)
		(1,798,517)	7,715,456

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER XII UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Proceeds from debt securities issued	35(c)	64,093,483	50,088,381
Repayments of debt securities issued	35(c)	(60,930,006)	(31,278,600)
Interest paid on debt securities issued	35(c)	–	(153,173)
Payment of lease liabilities	35(c)	(66,647)	(65,238)
Cash received from issuance of perpetual bonds		(1)	–
Dividends paid		(192)	(1,359)
Net cash flows generated from financing activities		3,096,637	18,590,011
Effect of foreign exchange rate changes on cash and cash equivalents			
		32,026	37,850
Net decrease in cash and cash equivalents	35(a)	(6,086,500)	(9,612,780)
Cash and cash equivalents as at 1 January		19,040,727	25,271,056
Cash and cash equivalents as at 30 June	35(b)	12,954,227	15,658,276
Net cash flows used in operating activities include:			
Interest received		7,803,802	7,735,396
Interest paid		(3,897,921)	(4,998,994)

The notes on pages 113 to 238 form part of this interim financial report.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 25 August 2023.

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 2022 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 2022 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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new standard of IFRSs and amendments to International Accounting Standards (“IAS”) issued by the IASB to this interim financial report for the current accounting period:

IFRS 17, *Insurance Contracts*

In May 2017, the IASB issued IFRS 17, *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4, *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

This new standard had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IAS 8, *Definition of Accounting Estimates*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2, *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12, *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had impact on the Group's disclosure of the related notes in the interim condensed consolidated financial statements.

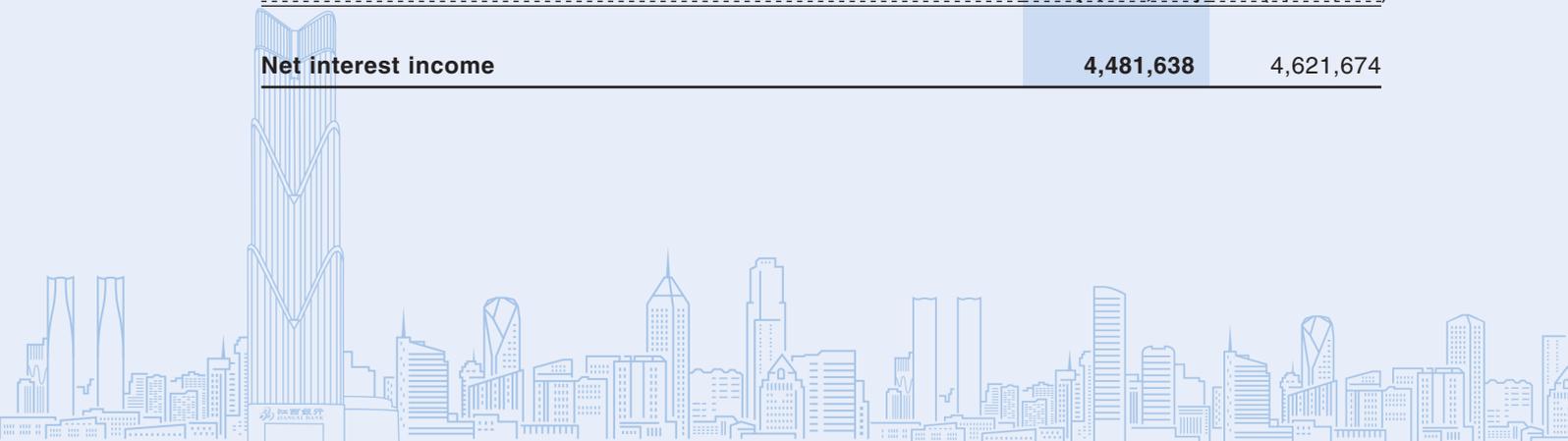


CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. NET INTEREST INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income arising from		
Deposits with the central bank	220,595	228,542
Deposits with banks and other financial institutions	5,378	3,143
Placements with banks and other financial institutions	69,792	42,936
Financial assets held under resale agreements	124,261	203,203
Loans and advances to customers		
– Corporate loans and advances	4,843,778	4,397,610
– Personal loans and advances	1,988,258	2,119,611
– Discounted bills	411,961	452,297
Financial investments	2,258,112	2,903,629
Sub-total	9,922,135	10,350,971
Interest expense arising from		
Borrowing from the central bank	(250,343)	(194,354)
Deposits from banks and other financial institutions	(137,430)	(286,699)
Placements from banks and other financial institutions	(53,733)	(60,425)
Borrowing from other financial institutions	(33,315)	(161,368)
Financial assets sold under repurchase agreements	(197,209)	(231,019)
Deposits from customers	(4,128,911)	(4,031,207)
Debt securities issued	(639,556)	(764,225)
Sub-total	(5,440,497)	(5,729,297)
Net interest income	4,481,638	4,621,674



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Fee and commission income		
Agency and custody services fees	87,103	254,668
Acceptance and guarantee service fees	35,381	93,465
Bank card service fees	37,138	37,632
Settlement and electronic channel business fees	46,372	38,477
Financial leasing service fees	1,309	15,715
Advisory and consulting fees	10	464
Others	6,839	2,555
Sub-total	214,152	442,976
Fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	27,058	21,099
Fee income on trust and other fiduciary activities where the Group holds or invests on behalf of its customer	–	32
Fee and commission expense		
Transaction fees	(29,552)	(34,427)
Settlement and clearing fees	(13,074)	(20,746)
Financial leasing service fees	(198)	(10,364)
Platform cooperation fees	(3,878)	(3,897)
Others	(402)	(102)
Sub-total	(47,104)	(69,536)
Fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	7,808	19,013
Net fee and commission income	167,048	373,440

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. NET TRADING GAINS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net trading gains	45,725	80,270

Net trading gains include gains arising from the buying or selling of, the interest income gained from, and changes in fair value of financial assets held for trading.

7. NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Net gains on financial investments at fair value through profit or loss	(i)	(256,867)	1,032,044
Realised gains from investment funds		628,837	124,186
Net gains on financial investments at fair value through other comprehensive income		15,026	7,030
Dividend income		5,537	–
Net gains on financial investments at amortised cost		1,071	–
Total		393,604	1,163,260

(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 financial assets held for trading.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. OTHER OPERATING INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Government grants	183,977	41,184
Rental income	1,257	2,058
Net gains on disposal of non-current assets	4,575	13,089
Foreign exchange gains	116,109	46,570
Others	4,587	(23,869)
Total	310,505	79,032

9. OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Staff costs		
– Salaries, bonuses and allowances	608,616	589,603
– Social insurance and supplementary retirement benefits	137,431	145,759
– Housing fund	60,179	58,635
– Staff welfares	44,477	40,325
– Employee education expenses and labour union expenses	23,084	26,270
– Others	27,771	27,599
Sub-total	901,558	888,191
Depreciation and amortisation	232,153	228,707
Tax and surcharges	75,102	74,908
Interest expense on lease liabilities	17,639	18,290
Other general and administrative expenses	373,600	333,152
Total	1,600,052	1,543,248

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

10. IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loans and advances to customers	2,453,303	2,239,514
Financial investments	146,280	732,443
Others	(160,226)	235,297
Total	2,439,357	3,207,254

11. INCOME TAX EXPENSE

(a) Income tax expense:

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Current tax		913,038	759,419
Changes in deferred income tax	22(b)	(776,043)	(506,634)
Total		136,995	252,785



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. INCOME TAX EXPENSE (Continued)

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

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Profit before taxation		1,362,876	1,570,129
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		340,719	392,532
Non-taxable income	(i)	(313,909)	(181,264)
Non-deductible expenses		103,392	44,506
Tax filing differences		6,793	(2,989)
Income tax expense		136,995	252,785

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

12. BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Net profit attributable to equity shareholders of the Bank	1,201,983	1,281,526
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)	0.20	0.21

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

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Cash on hand		816,142	879,119
Deposits with the central bank			
– Statutory deposit reserves	(a)	26,007,044	26,433,391
– Surplus deposit reserves	(b)	8,079,543	8,222,080
– Fiscal deposits		51,427	245,677
Sub-total		34,954,156	35,780,267
Accrued interest		10,925	12,481
Total		34,965,081	35,792,748

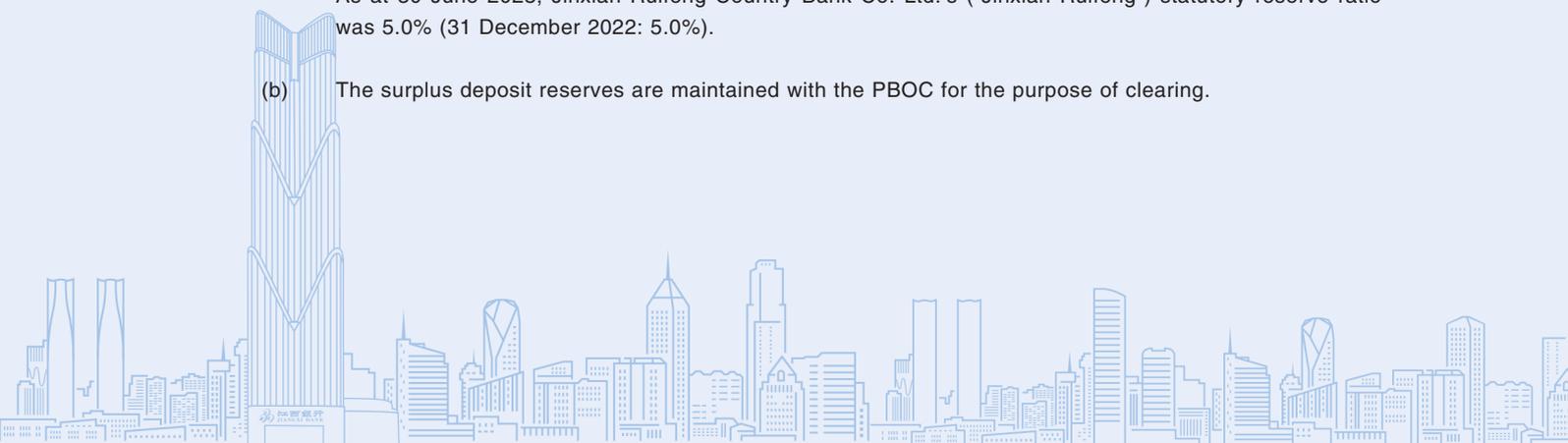
- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Bank's daily business.

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

	30 June 2023 RMB'000	31 December 2022 RMB'000
Reserve ratio for RMB deposits	7.25%	7.5%
Reserve ratio for foreign currency deposits	6.0%	6.0%

As at 30 June 2023, Jinxian Ruifeng Country Bank Co. Ltd.'s ("Jinxian Ruifeng") statutory reserve ratio was 5.0% (31 December 2022: 5.0%).

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



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	1,521,148	863,279
– Other financial institutions	105,106	–
Outside mainland China		
– Banks	363,408	587,669
Gross balance	1,989,662	1,450,948
Accrued interest	1,420	1,782
Less: Allowances for impairment losses	(1,890)	(1,235)
Net balance	1,989,192	1,451,495



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China – Other financial institutions	8,700,000	5,600,000
Gross balance	8,700,000	5,600,000
Accrued interest	39,731	33,744
Less: Allowances for impairment losses	(1,999)	(1,405)
Net balance	8,737,732	5,632,339



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	–	4,330,580
– Other financial institutions	723,880	–
Gross balance	723,880	4,330,580
Accrued interest	61	1,051
Less: Allowances for impairment losses	(12)	(47)
Net balance	723,929	4,331,584



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (Continued)

(b) Analysed by type of collateral

	30 June 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	–	2,889,000
– Policy Banks	265,004	700,870
– Commercial banks and other financial institutions	249,876	500,460
– Corporate	209,000	240,250
Gross balance	723,880	4,330,580
Accrued interest	61	1,051
Less: Allowances for impairment losses	(12)	(47)
Net balance	723,929	4,331,584



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	30 June 2023 RMB'000	31 December 2022 RMB'000
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	204,020,039	183,678,108
Personal loans and advances		
– Residential mortgage	55,915,897	59,915,694
– Personal business loans	19,171,855	16,785,421
– Personal consumption loans	6,599,215	3,413,978
– Credit cards	3,375,854	3,536,890
Sub-total	85,062,821	83,651,983
Gross loans and advances to customers measured at amortised cost	289,082,860	267,330,091
Accrued interest	899,396	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(13,456,265)	(11,984,613)
Net loans and advances to customers measured at amortised cost	276,525,991	256,161,689
Loans and advances to customers measured at FVOCI		
Corporate loans and advances – Forfeiting	8,822,250	5,626,030
Discounted bills	32,195,894	38,525,048
Total amount of loans and advances to customers measured at FVOCI	41,018,144	44,151,078
Net loans and advances to customers	317,544,135	300,312,767

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector

	30 June 2023		Loans and advances secured by collaterals RMB'000
	Amount RMB'000	Percentage	
Leasing and commercial services	62,721,869	19.00%	8,529,412
Wholesale and retail trade	32,363,501	9.80%	2,902,518
Water conservancy, environment and public facility management	29,663,879	8.99%	395,474
Construction	24,576,887	7.45%	1,627,707
Manufacturing	21,943,760	6.65%	2,420,037
Real estate	10,820,537	3.28%	4,262,740
Transportation, storage and postal services	6,757,355	2.05%	433,636
Agriculture, forestry, animal husbandry and fisheries	5,576,769	1.69%	341,064
Scientific research and technical services	4,084,470	1.24%	1,500
Finance	3,569,797	1.08%	–
Others	10,763,465	3.25%	1,605,462
Sub-total of corporate loans and advances	212,842,289	64.48%	22,519,550
Personal loans and advances	85,062,821	25.77%	69,138,921
Discounted bills	32,195,894	9.75%	–
Gross loans and advances to customers	330,101,004	100.00%	91,658,471



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector (Continued)

	31 December 2022		Loans and advances secured by collaterals RMB'000
	Amount RMB'000	Percentage	
Leasing and commercial services	59,994,250	19.26%	8,957,045
Wholesale and retail trade	27,268,364	8.75%	3,095,662
Water conservancy, environment and public facility management	25,917,405	8.32%	669,824
Construction	20,794,233	6.68%	1,756,934
Manufacturing	20,700,397	6.65%	2,710,074
Real estate	9,336,321	3.00%	3,305,274
Transportation, storage and postal services	5,995,436	1.92%	508,231
Finance	3,670,493	1.18%	–
Production and distribution of electricity, heating power, gas and water	2,379,332	0.76%	622,577
Information transmission, software and information technology services	1,056,394	0.34%	546,970
Others	12,191,513	3.91%	950,125
Sub-total of corporate loans and advances	189,304,138	60.77%	23,122,716
Personal loans and advances	83,651,983	26.86%	68,998,507
Discounted bills	38,525,048	12.37%	–
Gross loans and advances to customers	311,481,169	100.00%	92,121,223

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analysed by geographical area

	30 June 2023	
	Amount RMB'000	Percentage
Within Jiangxi Province (apart from Nanchang area)	151,123,062	45.78%
Nanchang area	131,118,505	39.72%
Head office	26,426,674	8.01%
Outside Jiangxi Province	21,432,763	6.49%
Gross loans and advances to customers	330,101,004	100.00%

	31 December 2022	
	Amount RMB'000	Percentage
Within Jiangxi Province (apart from Nanchang area)	133,910,375	42.99%
Nanchang area	126,567,232	40.63%
Head office	29,795,745	9.57%
Outside Jiangxi Province	21,207,817	6.81%
Gross loans and advances to customers	311,481,169	100.00%



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Analysed by type of collateral

	30 June 2023 RMB'000	31 December 2022 RMB'000
Unsecured loans	32,816,751	32,199,668
Guaranteed loans	196,042,185	179,639,482
Collateralised loans	91,658,469	92,121,223
Pledged loans	9,583,599	7,520,796
Gross loans and advances to customers	330,101,004	311,481,169
Accrued interest	899,396	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(13,456,265)	(11,984,613)
Net loans and advances to customers	317,544,135	300,312,767



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Overdue loans analysed by overdue period

	30 June 2023				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	88,110	294,095	216,541	194,339	793,085
Guaranteed loans	561,153	3,298,712	2,251,242	126,626	6,237,733
Collateralised loans	1,905,065	2,134,006	1,738,279	177,674	5,955,024
Pledged loans	1,500	630,787	–	43	632,330
Total	2,555,828	6,357,600	4,206,062	498,682	13,618,172
As a percentage of gross loans and advances to customers	0.77%	1.93%	1.27%	0.15%	4.12%

	31 December 2022				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000

Unsecured loans	1,086,945	375,034	30,036	7,336	1,499,351
Guaranteed loans	2,757,169	2,249,409	1,068,126	273,099	6,347,803
Collateralised loans	4,538,265	1,586,795	220,968	177,498	6,523,526
Pledged loans	398,216	53,312	6	43	451,577
Total	8,780,595	4,264,550	1,319,136	457,976	14,822,257
As a percentage of gross loans and advances to customers	2.82%	1.37%	0.42%	0.15%	4.76%

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

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Loans and advances and allowances for impairment losses

	30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Total loans and advances to customers measured at amortised cost	259,728,299	10,766,770	18,587,791	289,082,860
Accrued interest	582,153	9,812	307,431	899,396
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,146,930)	(1,344,404)	(9,964,931)	(13,456,265)
Carrying amount of loans and advances to customers measured at amortised cost	258,163,522	9,432,178	8,930,291	276,525,991
Carrying amount of loans and advances to customers measured at FVOCI	41,018,144	–	–	41,018,144
Total carrying amount of loans and advances to customers	299,181,666	9,432,178	8,930,291	317,544,135

As at 30 June 2023, the Group adjusted the customer ratings 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 RMB2,321.07 million (31 December 2022: RMB5,750.79 million), the corresponding allowance for impairment losses increased by RMB664.96 million (31 December 2022: RMB1,495.90 million). The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB2,493.08 million (31 December 2022: RMB4,443.38 million), the corresponding allowance for impairment losses increased by RMB842.66 million (31 December 2022: RMB946.42 million). The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB1,607.37 million (31 December 2022: RMB132.39 million), the corresponding allowance for impairment losses decreased by RMB132.47 million (31 December 2022: RMB11.31 million). The loans and advances to customers transferred from stage 3 to stage 1 and stage 2 were not significant (31 December 2022: not significant).

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	12-month ECL RMB'000	31 December 2022		Total RMB'000
		Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Total loans and advances to customers measured at amortised cost	237,377,693	14,490,090	15,462,308	267,330,091
Accrued interest	590,256	32,248	193,707	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,250,464)	(1,877,003)	(7,857,146)	(11,984,613)
Carrying amount of loans and advances to customers measured at amortised cost	235,717,485	12,645,335	7,798,869	256,161,689
Carrying amount of loans and advances to customers measured at FVOCI	44,151,078	–	–	44,151,078
Total carrying amount of loans and advances to customers	279,868,563	12,645,335	7,798,869	300,312,767



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	2,250,464	1,877,003	7,857,146	11,984,613
Transferred:				
– to 12-month ECL	152,241	(137,413)	(14,828)	–
– to lifetime ECL not credit-impaired	(6,433)	25,982	(19,549)	–
– to lifetime ECL credit-impaired	(2,039)	(181,737)	183,776	–
(Released)/charged for the period	(247,303)	(239,431)	2,946,361	2,459,627
Transferred out	–	–	–	–
Recoveries	–	–	113,715	113,715
Write-offs	–	–	(811,130)	(811,130)
Others	–	–	(290,560)	(290,560)
As at 30 June	2,146,930	1,344,404	9,964,931	13,456,265

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

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)*

	12-month ECL RMB'000	Year ended 31 December 2022		Total RMB'000
		Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	2,196,886	1,595,654	3,827,332	7,619,872
Transferred:				
– to 12-month ECL	22,332	(11,356)	(10,976)	–
– to lifetime ECL not credit-impaired	(30,493)	33,030	(2,537)	–
– to lifetime ECL credit-impaired	(16,062)	(378,877)	394,939	–
Charged for the year	77,801	638,552	5,089,984	5,806,337
Transferred out	–	–	(412,898)	(412,898)
Recoveries	–	–	276,365	276,365
Write-offs	–	–	(1,085,428)	(1,085,428)
Others	–	–	(219,635)	(219,635)
As at 31 December	2,250,464	1,877,003	7,857,146	11,984,613



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	89,126	–	–	89,126
Released for the period	(6,324)	–	–	(6,324)
As at 30 June	82,802	–	–	82,802

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	49,427	–	–	49,427
Charged for the year	39,699	–	–	39,699
As at 31 December	89,126	–	–	89,126

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Financial investments at fair value through profit or loss	(a)	46,751,555	43,546,143
Financial investments at fair value through other comprehensive income	(b)	25,659,545	23,484,887
Financial investments at amortised cost	(c)	91,104,545	90,065,861
Total		163,515,645	157,096,891

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

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		353,296	2,208,300
– Policy banks		3,990,882	2,674,714
– Commercial banks and other financial institutions		5,322,975	2,004,040
– Corporate		4,745,314	4,817,255
Sub-total		14,412,467	11,704,309
Equity instruments	(ii)	182,150	189,290
Fund investments	(iii)	29,418,627	28,504,849
Other financial investments	(iv)	2,738,311	3,147,695
Total		46,751,555	43,546,143
Listed		88,192	97,829
Unlisted		46,663,363	43,448,314
Total		46,751,555	43,546,143

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		5,175,877	3,088,808
– Policy banks		14,348,470	11,767,543
– Commercial banks and other financial institution		1,103,981	1,093,690
– Corporate		1,496,823	1,714,014
Sub-total		22,125,151	17,664,055
Investment management products managed by securities companies and trust plans		3,227,659	5,448,410
Equity instruments	(ii)	10,250	10,250
Accrued interest		296,485	362,172
Total		25,659,545	23,484,887
Unlisted		25,659,545	23,484,887
Allowances for impairment losses recognised in OCI	(iii)	(1,186,106)	(1,173,874)

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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:

	Dividend income recognised for the period ended		Dividend income recognised for the year ended	
	30 June 2023	30 June 2023	31 December 2022	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Clearing Centre for City Commercial Banks	250	–	250	–
China UnionPay	10,000	–	10,000	8,000
Total	10,250	–	10,250	8,000
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments during the six months ended 30 June 2023.



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

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

(iii) The movements in the gross carrying amount of financial investments at FVOCI are summarised as follows:

	Six months ended 30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	21,589,508	984,038	901,091	23,474,637
New financial assets originated or purchased	7,748,681	–	–	7,748,681
Financial assets derecognised during the year	(5,254,154)	(418,929)	–	(5,673,083)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(908,929)	908,929	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Changes in accrual interest	(66,354)	667	–	(65,687)
Exchange differences	–	–	–	–
Changes in fair value	143,210	21,537	–	164,747
As at 30 June	23,251,962	1,496,242	901,091	25,649,295

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

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

(iii) The movements in the gross carrying amount of financial investments at FVOCI are summarised as follows: (Continued)

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	23,817,098	1,001,755	111,515	24,930,368
New financial assets originated or purchased	3,911,209	–	–	3,911,209
Financial assets derecognised during the year	(5,488,898)	(1,000)	(636,154)	(6,126,052)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(1,350,000)	–	1,350,000	–
Changes in accrual interest	(71,076)	(460)	–	(71,536)
Exchange differences	–	–	–	–
Changes in fair value	771,175	(16,257)	75,730	830,648
As at 31 December	21,589,508	984,038	901,091	23,474,637



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

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

- (iv) The movements of allowance for impairment of financial investments at FVOCI are summarised as follows:

	Six months ended 30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	22,513	256,461	894,900	1,173,874
(Reversal)/Addition, net	(12,120)	24,352	–	12,232
Transfer out	–	–	–	–
Written-offs	–	–	–	–
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(232)	232	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 30 June	10,161	281,045	894,900	1,186,106

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

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

- (iv) The movements of allowance for impairment of financial investments at FVOCI are summarised as follows: (Continued)

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	91,888	101,718	1,003,639	1,197,245
(Reversal)/Addition, net	(69,248)	154,743	38,143	123,638
Transfer out	–	–	–	–
Written-offs	–	–	(147,009)	(147,009)
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(127)	–	127	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	22,513	256,461	894,900	1,173,874



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortised cost

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		35,660,542	33,384,251
– Policy banks		24,699,456	20,188,295
– Commercial banks and other financial institutions		2,212,058	–
– Corporate		5,523,724	5,423,635
Sub-total		68,095,780	58,996,181
Investment management products managed by securities companies and trust plans		25,836,554	34,114,389
Accrued interest		1,316,074	965,106
Less: Allowances for impairment losses	(ii)	(4,143,863)	(4,009,815)
Net carrying amount		91,104,545	90,065,861
Unlisted		91,104,545	90,065,861

- (i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment was subject to material restrictions in the realisation.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortised cost (Continued)

- (ii) The movements in the gross carrying amount of financial investments at amortised cost are summarised as follows:

	Six months ended 30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	82,965,453	4,684,086	6,426,137	94,075,676
New financial assets originated or purchased	12,331,985	–	4,949	12,336,934
Financial assets derecognised during the year	(9,926,002)	(1,540,339)	(48,829)	(11,515,170)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(4,257,963)	4,257,963	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Changes in accrual interest	192,005	117,757	41,206	350,968
Exchange differences	–	–	–	–
As at 30 June	81,305,478	7,519,467	6,423,463	95,248,408



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortised cost (Continued)

- (ii) The movements in the gross carrying amount of financial investments at amortised cost are summarised as follows: (Continued)

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	104,284,015	128,938	8,101,987	112,514,940
New financial assets originated or purchased	6,313,325	–	1,050,803	7,364,128
Financial assets derecognised during the year	(22,915,265)	(410,813)	(2,106,029)	(25,432,107)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(4,075,854)	4,953,310	(877,456)	–
– to lifetime ECL credit-impaired	(449,135)	–	449,135	–
Changes in accrual interest	(191,633)	12,651	(192,303)	(371,285)
Exchange differences	–	–	–	–
As at 31 December	82,965,453	4,684,086	6,426,137	94,075,676

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortised cost (Continued)

- (iii) The movements of allowance for impairment of financial investments at amortised cost are summarised as follows:

	Six months ended 30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	228,511	350,717	3,430,587	4,009,815
(Reversal)/Addition, net	(18,280)	(8,879)	161,207	134,048
Transfer out	–	–	–	–
Written-offs	–	–	–	–
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(21,465)	21,465	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 30 June	188,766	363,303	3,591,794	4,143,863



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortised cost (Continued)

(iii) The movements of allowance for impairment of financial investments at amortised cost are summarised as follows: (Continued)

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	574,963	18,429	4,530,959	5,124,351
(Reversal)/Addition, net	(319,176)	(152,941)	1,314,793	842,676
Transfer out	–	–	(834,113)	(834,113)
Written-offs	–	–	(1,204,896)	(1,204,896)
Recovery after written-offs	–	–	81,797	81,797
Transfers:				
– to 12-month ECL	18,429	(18,429)	–	–
– to lifetime ECL not credit-impaired	(45,591)	503,658	(458,067)	–
– to lifetime ECL credit-impaired	(114)	–	114	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	228,511	350,717	3,430,587	4,009,815

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

19. INTEREST IN ASSOCIATES

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

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		67,971	66,566
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		24,412	29,280
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")		30,321	23,097
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		14,344	14,340
Total	(a)/(b)	137,048	133,283

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

	30 June 2023 RMB'000	31 December 2022 RMB'000
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	137,048	133,283
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	3,765	7,608
– Total comprehensive income	3,765	7,608



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2022: 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 2023, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2022: 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 2023, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2022: 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 2023, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2022: 30.00%).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

20. INVESTMENTS IN SUBSIDIARIES

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	(i)	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")	(ii)	59,916	59,916
Total		1,793,916	1,793,916

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, China. As at 30 June 2023, the registered capital of JXFL was RMB2.02 billion (31 December 2022: 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 2023, the Bank holds 75.74% of equity interest of JXFL (31 December 2022: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services, and it is a corporate legal entity in China and a non-wholly-owned subsidiary of the Bank.

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 2023, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2022: 69.50%).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

21. PROPERTY AND EQUIPMENT

	Premises RMB'000	Construction in progress RMB'000	Electronic equipments RMB'000	Fixtures RMB'000	Others RMB'000	Total RMB'000
Cost:						
As at 1 January 2022	2,904,053	45,474	822,637	292,522	354,459	4,419,145
Additions	4,539	42,340	33,476	1,646	16,250	98,251
Transfers (out of)/from construction in progress	–	(34,948)	–	12,044	–	(22,904)
Disposals	(2,985)	–	(93,429)	(4,924)	(14,598)	(115,936)
As at 31 December 2022	2,905,607	52,866	762,684	301,288	356,111	4,378,556
As at 1 January 2023	2,905,607	52,866	762,684	301,288	356,111	4,378,556
Additions	–	17,635	23,043	983	4,484	46,145
Transfers (out of)/from construction in progress	–	(12,207)	2,497	–	–	(9,710)
Disposals	(3,155)	(1,487)	(12,237)	–	(1,687)	(18,566)
As at 30 June 2023	2,902,452	56,807	775,987	302,271	358,908	4,396,425
Accumulated depreciation:						
As at 1 January 2022	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
Charged for the year	(134,005)	–	(44,827)	(37,042)	(39,796)	(255,670)
Disposals	1,114	–	85,217	4,469	8,509	99,309
As at 31 December 2022	(1,069,566)	–	(645,410)	(238,151)	(270,241)	(2,223,368)
As at 1 January 2023	(1,069,566)	–	(645,410)	(238,151)	(270,241)	(2,223,368)
Charged for the period	(67,106)	–	(25,469)	(19,479)	(17,137)	(129,191)
Disposals	1,301	–	11,609	–	1,541	14,451
As at 30 June 2023	(1,135,371)	–	(659,270)	(257,630)	(285,837)	(2,338,108)
Net book value:						
As at 31 December 2022	1,836,041	52,866	117,274	63,137	85,870	2,155,188
As at 30 June 2023	1,767,081	56,807	116,717	44,641	73,071	2,058,317

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

21. PROPERTY AND EQUIPMENT (Continued)

As at 30 June 2023, the net book values of premises of which title deeds were not yet finalised were nil (31 December 2022: RMB8.32 million).

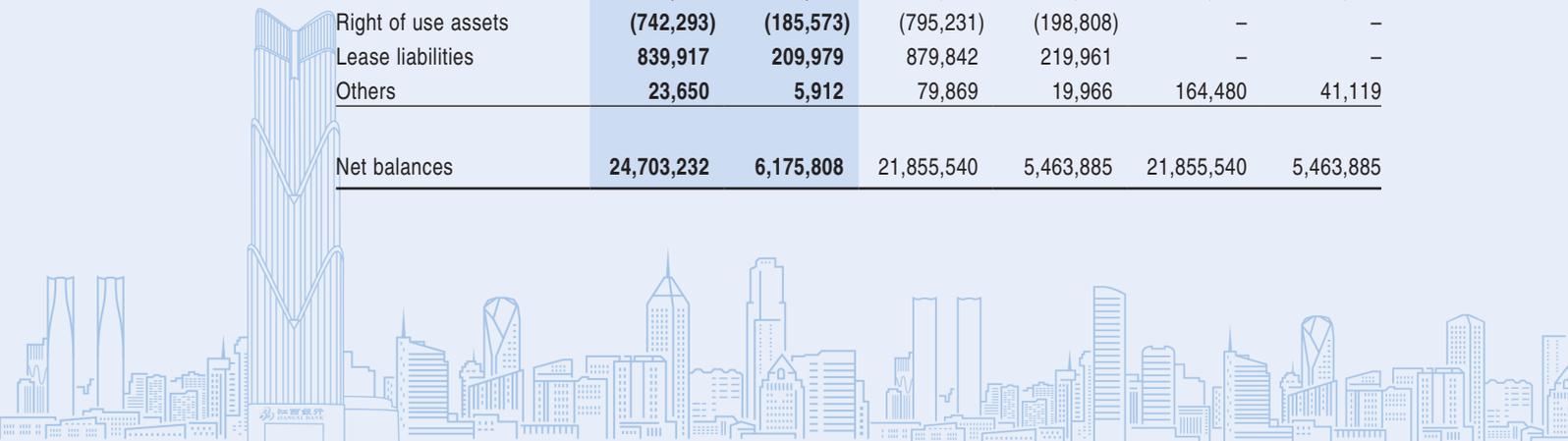
The net book values of premises as at the report dates are analysed by the remaining terms of the leases as follows:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Held in mainland China		
– Medium-term leases (10 – 50 years)	1,767,081	1,836,041

22. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	30 June 2023		1 January 2023		31 December 2022	
	Deductible temporary differences RMB'000	Deferred income tax assets RMB'000	Deductible temporary differences RMB'000	Deferred income tax assets RMB'000	Deductible temporary differences RMB'000	Deferred income tax assets RMB'000
Allowance for impairment losses	21,671,907	5,417,977	19,049,017	4,762,254	19,049,017	4,762,254
Fair value changes in financial instruments	1,485,215	371,304	1,322,546	330,637	1,322,546	330,637
Accrued staff cost	773,144	193,286	719,094	179,774	719,094	179,774
Deferred income	651,692	162,923	600,403	150,101	600,403	150,101
Right of use assets	(742,293)	(185,573)	(795,231)	(198,808)	–	–
Lease liabilities	839,917	209,979	879,842	219,961	–	–
Others	23,650	5,912	79,869	19,966	164,480	41,119
Net balances	24,703,232	6,175,808	21,855,540	5,463,885	21,855,540	5,463,885



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

22. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Movements of deferred tax

	Net balance of deferred tax assets RMB'000
As at 1 January 2022	4,793,074
Recognised in profit or loss	1,111,493
Recognised in other comprehensive income	(440,682)
As at 31 December 2022	5,463,885
As at 1 January 2023	5,463,885
Recognised in profit or loss	776,043
Recognised in other comprehensive income	(64,120)
As at 30 June 2023	6,175,808

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



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

23. OTHER ASSETS

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Right-of-use assets	(a)	745,489	798,774
Prepayments for acquisition of property and equipment		629,376	629,333
Interests receivable	(b)	478,690	1,026,090
Reposessed assets	(c)	255,972	153,009
Land use rights	(d)	190,178	194,650
Intangible assets	(e)	146,107	146,221
Receivables from disposal of financial assets		65,734	85,074
Long-term deferred expenses		66,366	74,690
Deferred expenses		39,519	54,942
Settlement and clearing accounts		25,254	20,841
Goodwill		7,126	7,126
Investment property		1,876	1,954
Others		402,254	231,674
Gross balance		3,053,941	3,424,378
Less: Allowances for impairment losses		(256,765)	(221,907)
Net balance		2,797,176	3,202,471



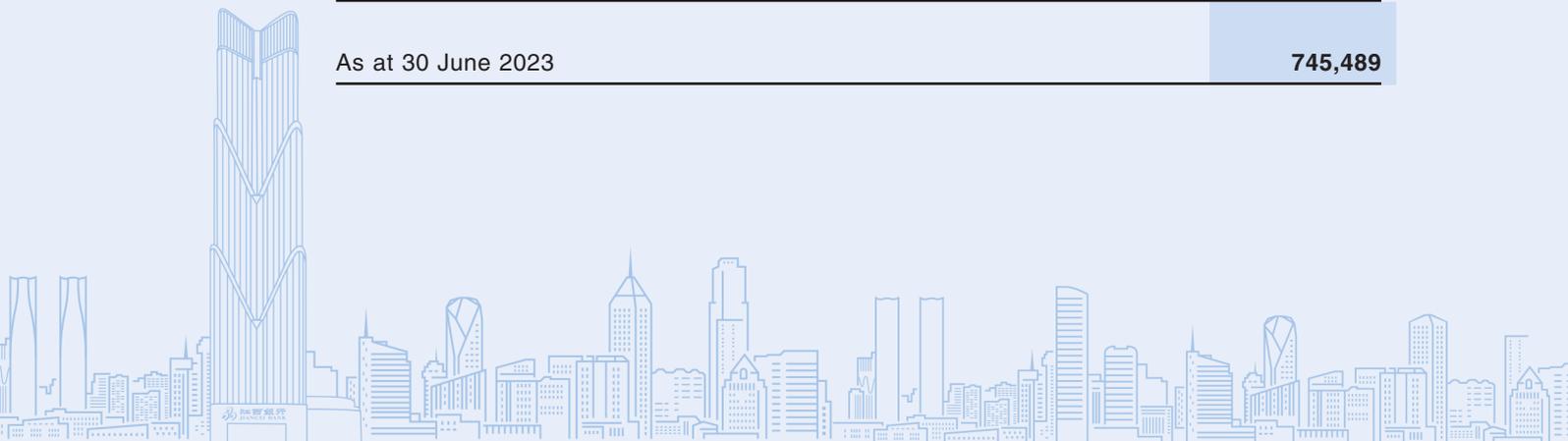
CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

23. OTHER ASSETS (Continued)

(a) Right-of-use assets

	RMB'000
Cost:	
As at 1 January 2022	1,532,438
Additions	59,830
Disposals	(388,973)
As at 31 December 2022	1,203,295
Additions	35,949
Disposals	(57,756)
As at 30 June 2023	1,181,488
Accumulated depreciation:	
As at 1 January 2022	(434,889)
Charged for the year	(132,139)
Disposals	162,507
As at 31 December 2022	(404,521)
Charged for the period	(66,062)
Disposals	34,584
As at 30 June 2023	(435,999)
Net book value:	
As at 31 December 2022	798,774
As at 30 June 2023	745,489



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

23. OTHER ASSETS (Continued)

(b) Interests receivable

	30 June 2023 RMB'000	31 December 2022 RMB'000
Interests receivable arising from:		
Financial investments	462,432	971,092
Loans and advances to customers	16,258	54,998
Total	478,690	1,026,090

The interests 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) Repossessed assets

	30 June 2023 RMB'000	31 December 2022 RMB'000
Land use rights and buildings	151,393	153,009
Negotiable securities	104,579	–
Less: Impairment allowances	(32,453)	(32,822)
Net repossessed assets	223,519	120,187

(d) Land use rights

	30 June 2023 RMB'000	31 December 2022 RMB'000
Located in Mainland China		
– Over 50 years	22,395	22,583
– 10 – 50 years	167,783	172,067
Total	190,178	194,650

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

23. OTHER ASSETS (Continued)

(e) Intangible assets

	RMB'000
Cost:	
As at 1 January 2022	247,655
Additions	26,883
Disposals	(264)
As at 31 December 2022	274,274
As at 1 January 2023	274,274
Additions	11,924
Disposals	-
As at 30 June 2023	286,198
Accumulated depreciation:	
As at 1 January 2022	(105,404)
Charged for the year	(22,649)
Disposals	-
As at 31 December 2022	(128,053)
As at 1 January 2023	(128,053)
Charged for the period	(12,038)
Disposals	-
As at 30 June 2023	(140,091)
Net book value:	
As at 31 December 2022	146,221
As at 30 June 2023	146,107

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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

24. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	4,634,136	2,448,635
– Other financial institutions	7,797,421	10,284,271
Gross Balance	12,431,557	12,732,906
Accrued interest	164,666	534,051
Total	12,596,223	13,266,957

25. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	4,000,000	4,100,000
Gross Balance	4,000,000	4,100,000
Accrued interest	2,619	3,534
Total	4,002,619	4,103,534



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

26. BORROWING FROM OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China – Other financial institutions	1,760,000	4,210,000
Gross Balance	1,760,000	4,210,000
Accrued interest	13,162	92,920
Total	1,773,162	4,302,920

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2023 RMB'000	31 December 2022 RMB'000
In mainland China – Banks	16,904,886	17,200,000
Gross Balance	16,904,886	17,200,000
Accrued interest	2,937	9,176
Total	16,907,823	17,209,176

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

27. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(Continued)

(b) Analysed by type of collateral

	30 June 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	3,493,000	4,500,000
– Policy banks	10,195,000	12,700,000
Sub-total	13,688,000	17,200,000
Acceptance Bill		
– Banks	3,216,886	–
Gross Balance	16,904,886	17,200,000
Accrued interest	2,937	9,176
Total	16,907,823	17,209,176



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

28. DEPOSITS FROM CUSTOMERS

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Demand deposits			
– Corporate customers		104,361,588	108,088,433
– Individual customers		23,523,430	24,080,467
Sub-total		127,885,018	132,168,900
Time deposits			
– Corporate customers		60,443,379	57,801,948
– Individual customers		155,330,934	136,470,102
Sub-total		215,774,313	194,272,050
Pledged deposits			
– Acceptances		13,104,894	13,178,991
– Letters of guarantees		1,704,863	1,938,129
– Letters of credit		3,019,258	2,483,319
– Others		25,703	18,085
Sub-total		17,854,718	17,618,524
Inward and outward remittances		82,956	45,206
Convertible negotiated deposit	(a)	3,900,000	3,900,000
Accrued interest		6,047,079	4,706,690
Total		371,544,084	352,711,370

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 semi-annually 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 2023 RMB'000	31 December 2022 RMB'000
Certificates of interbank deposits issued	(a)	55,964,917	52,161,884
Total		55,964,917	52,161,884

(a) Certificates of interbank deposits issued

During the six months ended 30 June 2023, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB64,820 million (31 December 2022: RMB80,200 million) and duration between 1-12 months (31 December 2022: 1-12 months). The effective interest rates range from 2.00% to 2.75% per annum (31 December 2022: 1.33% to 2.85% per annum).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

30. OTHER LIABILITIES

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Accrued staff costs	(a)	1,330,397	1,465,450
Lease liabilities		843,737	883,087
Guarantee deposits from leases		527,350	741,581
Dividend payable		314,750	13,729
Other tax payables		244,932	159,792
Provisions	(b)	228,999	626,209
Deferred income		215,293	194,348
Settlement and clearing accounts		165,773	746,724
Receipt in advance		53,696	68,097
Payables for purchase of fixed assets		30,718	38,380
Non-performing assets collection		29,213	23,639
Others		448,712	392,711
Total		4,433,570	5,353,747

(a) Accrued staff costs

	30 June 2023 RMB'000	31 December 2022 RMB'000
Salaries, bonuses and allowances	1,091,997	1,345,516
Social insurance	28,558	957
Housing fund	20,753	304
Employee education costs and labor union expenditure	9,248	16,682
Supplementary retirement benefits	179,841	101,991
Total	1,330,397	1,465,450

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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

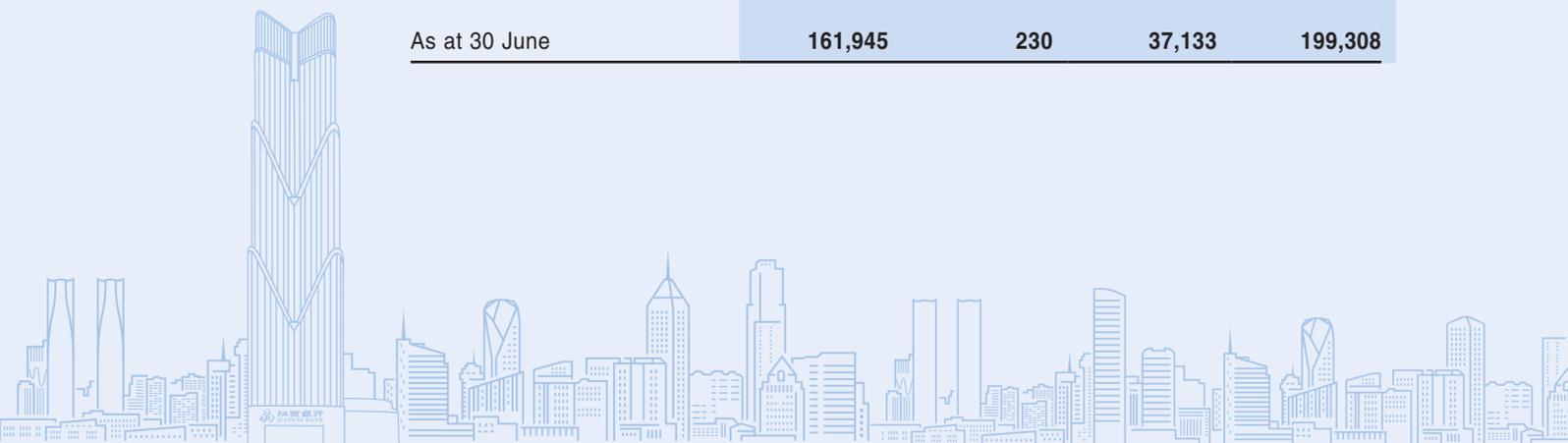
30. OTHER LIABILITIES (Continued)

(b) Provisions

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Credit commitments provision	(i)	199,308	594,540
Litigations and disputes provision		29,691	31,669
Total		228,999	626,209

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

	Six months ended 30 June 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	220,823	279	373,438	594,540
Transferred:				
– to 12-month ECL	22	(22)	–	–
– to lifetime ECL not credit-impaired	(1)	1	–	–
– to lifetime ECL credit-impaired	–	(8)	8	–
Reversal for the period	(58,899)	(20)	(336,313)	(395,232)
As at 30 June	161,945	230	37,133	199,308



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

30. OTHER LIABILITIES (Continued)

(b) Provisions (Continued)

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

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	316,347	1,060	1,998	319,405
Transferred:				
– to 12-month ECL	172	(172)	–	–
– to lifetime ECL not credit-impaired	(5)	5	–	–
– to lifetime ECL credit-impaired	(12,039)	(14)	12,053	–
(Reversal)/charged for the year	(83,652)	(600)	359,387	275,135
As at 31 December	220,823	279	373,438	594,540

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

31. SHARE CAPITAL

	30 June 2023 RMB'000	31 December 2022 RMB'000
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

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
Perpetual Debts	21 September 2022	Equity	3.67%	RMB100/bond	20,000,000	2,000,000	None
Perpetual Debts	15 December 2022	Equity	4.79%	RMB100/bond	20,000,000	2,000,000	None
Less: issuing cost						(2,040)	
Book Value						7,997,960	



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

32. OTHER EQUITY INSTRUMENTS (Continued)

(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 RMB8 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 Bank issued the "2022 Capital Bond with No Fixed Maturity (First Tranche)" for a total of RMB2 billion on 21 September 2022. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 3.67%, 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 book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.

The Bank issued the "2022 Capital Bond with No Fixed Maturity (Second Tranche)" for a total of RMB2 billion on 15 December 2022. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 4.79%, 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 book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

32. OTHER EQUITY INSTRUMENTS (Continued)

(b) Main clause (Continued)

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.

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 be accumulated to the next interest-bearing year.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

33. RESERVES

(a) Capital reserve

	Note	30 June 2023 RMB'000	31 December 2022 RMB'000
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	491,850	299,490
Total		13,783,099	13,590,739

(i) Other comprehensive income

	30 June 2023 RMB'000	31 December 2022 RMB'000
As at 1 January	299,490	224,116
Changes in fair value recognised in other comprehensive income	259,888	506,605
Transfer to profit or loss upon disposal	(9,316)	(6,877)
Changes in impairment losses recognised in other comprehensive income	5,908	16,328
Less: Income tax effect	(64,120)	(440,682)
As at 30 June/31 December	491,850	299,490



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

33. RESERVES (Continued)

(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 RMB7,019.10 million as at 30 June 2023 (31 December 2022: RMB7,019.10 million).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

34. PROFIT DISTRIBUTION

In accordance with the resolution at the Bank's Annual General Meeting on 30 May 2023, the shareholders approved the following profit appropriations for the year ended 31 December 2022:

- Appropriation of statutory surplus reserve amounted to RMB138.54 million;
- Appropriation of general reserve amounted to RMB330.00 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 8 June 2023.

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 RMB 193.92 million;
- Appropriation of general reserve amounted to RMB 588.46 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.

As at 30 June 2023, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB 119.16 million to surplus reserve made by subsidiaries (31 December 2022: RMB119.16 million).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

35. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net decrease in cash and cash equivalents

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cash and cash equivalents as at 30 June	12,954,227	15,658,276
Less: Cash and cash equivalents as at 1 January	(19,040,727)	(25,271,056)
Net decrease in cash and cash equivalents as at 30 June	(6,086,500)	(9,612,780)

(b) Cash and cash equivalents

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Cash on hand	816,142	879,119
Deposits with the central bank	8,079,543	8,222,080
Deposits with banks and other financial institutions	1,934,662	1,408,948
Placements with banks and other financial institutions	1,400,000	4,200,000
Financial assets held under resale agreements	723,880	4,330,580
Total	12,954,227	19,040,727



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2023	52,161,884	–	883,087	53,044,971
Changes from financing cash flows:				
– Proceeds from debt securities issued	64,093,483	–	–	64,093,483
– Repayments of debt securities issued	(60,930,006)	–	–	(60,930,006)
– Repayments of lease liabilities	–	–	(66,647)	(66,647)
Total changes from financing cash flows	55,325,361	–	816,440	56,141,801
Other changes:				
– Net Increase of lease liabilities	–	–	9,658	9,658
– Interest expense	639,556	–	17,639	657,195
Balance at 30 June 2023	55,964,917	–	843,737	56,808,654

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

35. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

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

	Debt securities issued RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease Liabilities RMB'000	Total RMB'000
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	78,949,493	–	–	78,949,493
– Interest paid on debt securities issued	–	(300,000)	–	(300,000)
– Repayments of debt securities issued	(69,061,866)	–	–	(69,061,866)
– Repayments of lease liabilities	–	–	(154,862)	(154,862)
Total changes from financing cash flows	50,862,287	(175,479)	1,037,627	51,724,435
Other changes:				
– Net decrease of lease liabilities	–	–	(192,586)	(192,586)
– Interest expense	1,299,597	175,479	38,046	1,513,122
Balance at 31 December 2022	52,161,884	–	883,087	53,044,971



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023	31 December 2022
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	N/A

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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

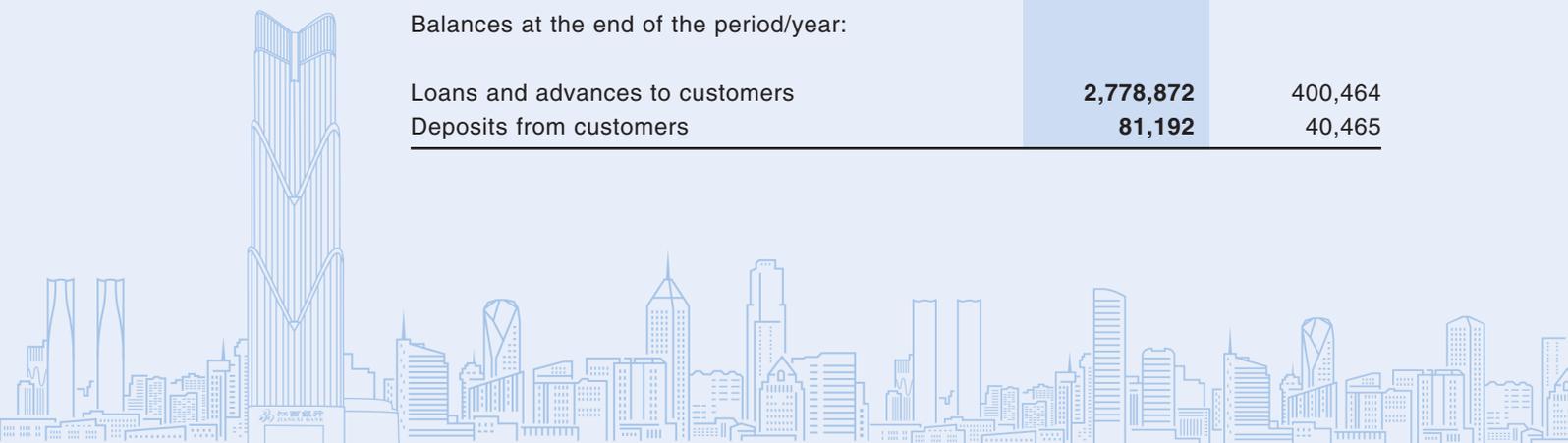
(iv) Other related parties

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.

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

(i) Transactions between the Group and major shareholders

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Transactions during the period:		
Interest income	48,500	14,758
Interest expense	6,094	496
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Balances at the end of the period/year:		
Loans and advances to customers	2,778,872	400,464
Deposits from customers	81,192	40,465



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

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	
	2023	2022
	RMB'000	RMB'000
Transactions during the period:		
Interest income	23,372	5,223
Interest expense	10,433	11,518
Operating expense	8,012	7,195
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Balances at the end of the period/year:		
Placements with banks and other financial institutions	1,201,533	2,551,741
Deposits from banks and other financial institutions	824,742	2,879,884

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(iii) Transactions between the Bank and associates

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Transactions during the period:		
Interest expense	3,386	664
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Balances at the end of the period/year:		
Deposits with banks and other financial institutions	173,930	169,673



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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	
	2023	2022
	RMB'000	RMB'000
Transactions during the period:		
Interest income	39,342	124,649
Interest expense	90,289	93,698
Fee and commission income	1,665	—
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Balances at the end of the period/year:		
Loans and advances to customers	2,525,352	4,820,797
Deposits from customers	7,083,255	4,107,008
Deposits from banks and other financial institutions	366	—
Bank acceptances	1,260,176	47,857
Letters of guarantees	3,493	195,000
Letters of credit	132,129	67,887

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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	
	2023	2022
	RMB'000	RMB'000
Transactions during the period:		
Interest income	22	—
Interest expense	9	319
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Balances as at the end of period/year:		
Loans and advances to customers	1,001	—
Deposits from customers	2,929	7,527



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

36. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(c) Key management personnel (Continued)

(ii) Key management personnel compensation

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries and other emoluments	2,622	8,623
Contributions by the employer to social insurance and staff welfares, housing fund, etc.	346	415
Other welfare	124	94
Total	3,092	9,132

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

37. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	30 June 2023			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	8,822,250	8,822,250
– Discounted bills	–	–	32,195,894	32,195,894
Sub-total	–	–	41,018,144	41,018,144
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	12,644,071	1,768,396	14,412,467
– Equity instruments	88,192	–	93,958	182,150
– Fund investments	29,418,627	–	–	29,418,627
– Other financial investments	–	–	2,738,311	2,738,311
Sub-total	29,506,819	12,644,071	4,600,665	46,751,555
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	22,380,313	–	22,380,313
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	3,268,982	3,268,982
Sub-total	–	22,380,313	3,279,232	25,659,545
Total	29,506,819	35,024,384	48,898,041	113,429,244

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

37. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2022			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	5,626,030	5,626,030
– Discounted bills	–	–	38,525,048	38,525,048
Sub-total	–	–	44,151,078	44,151,078
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	9,983,500	1,720,809	11,704,309
– Equity instruments	97,829	–	91,461	189,290
– Fund investments	28,504,849	–	–	28,504,849
– Other financial investments	–	–	3,147,695	3,147,695
Sub-total	28,602,678	9,983,500	4,959,965	43,546,143
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,018,054	–	18,018,054
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	5,456,583	5,456,583
Sub-total	–	18,018,054	5,466,833	23,484,887
Total	28,602,678	28,001,554	54,577,876	111,182,108

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

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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:

	Six months ended 30 June 2023	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2023	44,151,078	10,426,798
Total gains/(losses)		
– In profit or loss for the current period	405,674	(410,777)
– In other comprehensive income for the current period	(55,293)	164,747
Purchases	32,149,276	–
Settlements	(35,632,591)	(2,300,871)
As at 30 June 2023	41,018,144	7,879,897
Total unrealised gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the period	6,324	(295,877)

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

37. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Year ended 31 December 2022	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2022	36,092,605	11,569,479
Total gains/(losses)		
– In profit or loss for the current year	1,100,901	1,078,895
– In other comprehensive income for the current year	(75,840)	(613,511)
Purchases	70,488,897	–
Settlements	(63,455,485)	(1,608,065)
As at 31 December 2022	44,151,078	10,426,798
Total unrealised losses for the year included in profit or loss for assets and liabilities held at the end of the year	(39,699)	(732,098)

During the six months ended 30 June 2023, there were no significant transfers into or out of Level 3 (year ended 31 December 2022: nil).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	8,822,250	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	32,195,894	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,768,396	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	93,958	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	2,738,311	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	3,268,982	Discounted cash flow	Risk-adjusted discount rate, cash flow

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

37. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	5,626,030	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	38,525,048	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,720,809	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	91,461	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,147,695	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	5,456,583	Discounted cash flow	Risk-adjusted discount rate, cash flow



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

37. FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

During the six months ended 30 June 2023, there were no significant change in the valuation techniques (year ended 31 December 2022: nil).

As at 30 June 2023, 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.

(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 2023				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	68,168,120	69,430,175	–	69,430,175	–
Financial liabilities					
– Certificates of interbank deposits issued	55,964,917	55,997,912	–	55,997,912	–

CHAPTER XIII 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 (Continued)

	31 December 2022				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	59,002,411	58,794,724	–	58,794,724	–
Financial liabilities					
– Certificates of interbank deposits issued	52,161,884	52,152,747	–	52,152,747	–

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:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Entrusted loans	19,510,818	20,599,918
Entrusted funds	(19,510,818)	(20,599,918)

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

	30 June 2023 RMB'000	31 December 2022 RMB'000
Loan commitments		
– Original contractual maturity within one year	–	–
– Original contractual maturity more than one year (inclusive)	40,000	40,000
Sub-total	40,000	40,000
Unused credit card commitments		
– Original contractual maturity within one year	8,077,305	7,639,961
Sub-total	8,077,305	7,639,961
Bank acceptances	26,112,033	29,296,015
Letters of guarantees	6,170,323	10,923,202
Letters of credit	11,062,740	8,217,024
Total	51,462,401	56,116,202

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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit risk-weighted amount

	30 June 2023 RMB'000	31 December 2022 RMB'000
Credit risk-weighted amount	13,125,206	19,961,584

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:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Contracted but not paid for	4,330	3,292

(d) Outstanding litigations and disputes

As at 30 June 2023, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2022: nil).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analysed by type of collateral

	30 June 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	5,112,654	3,850,000
– Policy banks	9,622,005	14,401,000
Subtotal	14,734,659	18,251,000
Banks acceptances	3,217,967	–
Total	17,952,626	18,251,000



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets (Continued)

(i) Assets pledged as collaterals (Continued)

Analysed by type of asset

	30 June 2023 RMB'000	31 December 2022 RMB'000
Financial investment		
– Financial assets at fair value through other comprehensive income	2,006,266	7,771,000
– Financial assets at amortised cost	12,728,393	10,480,000
Loans and advances to customers		
– Loans and advances to customers at fair value through other comprehensive income	3,217,967	–
Total	17,952,626	18,251,000

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



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 (31 December 2022: 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 2023 RMB'000	31 December 2022 RMB'000
Redemption obligations	2,352	2,669

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

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	33,934,254	33,934,254
Financial investments at fair value through other comprehensive income	3,268,981	3,268,981
Financial investments at amortised cost	22,936,426	22,936,426
Total	60,139,661	60,139,661

	31 December 2022	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	31,566,213	31,566,213
Financial investments at fair value through other comprehensive income	5,456,583	5,456,583
Financial investments at amortised cost	31,063,450	31,063,450
Total	68,086,246	68,086,246

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

40. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(Continued)

(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 2023, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB30,093.18 million (31 December 2022: RMB30,023.47 million). During the six months ended 30 June 2023, the Group recorded commission income as the manager of these wealth management products amounting to RMB 55.51 million (six months ended 30 June 2022: RMB227.70 million).

(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 2023, 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 2022: nil).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 RMB'000	31 December 2022 RMB'000
Total core tier-one capital	39,408,065	38,307,156
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,783,099	13,590,739
– Surplus reserve	3,220,431	3,220,431
– General reserve	7,019,104	7,019,104
– Retained earnings	9,096,209	8,195,440
– Qualifying portions of non-controlling interests	264,945	257,165
Core tier-one capital deductions	(2,159,944)	(1,940,624)
Net core tier-one capital	37,248,121	36,366,532
Other tier-one capital	11,933,286	11,932,250
Net tier-one capital	49,181,407	48,298,782
Tier-two capital	4,499,991	4,439,616
– Surplus allowances for loan impairment	4,429,339	4,371,039
– Qualifying portions of non-controlling interests	70,652	68,577
Net capital base	53,681,398	52,738,398
Total risk weighted assets	382,779,140	376,684,503
Core tier-one capital adequacy ratio	9.73%	9.65%
Tier-one capital adequacy ratio	12.85%	12.82%
Capital adequacy ratio	14.02%	14.00%

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.

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".

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

42. SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

Others (Continued)

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.

	Six months ended 30 June 2023				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income/(expense)	3,320,435	(553,293)	1,694,869	19,627	4,481,638
Internal net interest (expense)/income	(739,038)	1,705,475	(983,334)	16,897	–
Net interest income	2,581,397	1,152,182	711,535	36,524	4,481,638
Net fee and commission income/(expense)	80,259	19,664	75,754	(8,629)	167,048
Net trading gains	–	–	45,725	–	45,725
Net gains arising from financial investments	9,500	1,492	382,612	–	393,604
Other operating income/(expenses)	129,452	135,416	70,721	(25,084)	310,505
Operating income	2,800,608	1,308,754	1,286,347	2,811	5,398,520
Operating expenses	(490,202)	(531,463)	(578,230)	(157)	(1,600,052)
Impairment losses on assets	(1,618,625)	(467,831)	(294,505)	(58,396)	(2,439,357)
Share of profits of associates	–	–	–	3,765	3,765
Profit/(loss) before taxation	691,781	309,460	413,612	(51,977)	1,362,876
Segment assets	218,284,519	96,459,784	222,674,465	1,225,295	538,644,063
Segment liabilities	(188,978,936)	(183,971,270)	(116,577,072)	(1,184,720)	(490,711,998)
Other segment information					
– Credit commitments	43,385,096	8,077,305	–	–	51,462,401
– Depreciation and amortisation	59,624	62,646	109,883	–	232,153
– Capital expenditure	21,162	26,454	46,402	–	94,018

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

42. SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

Others (Continued)

	Six months ended 30 June 2022				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income/(expense)	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/(expense)	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

(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.

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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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk

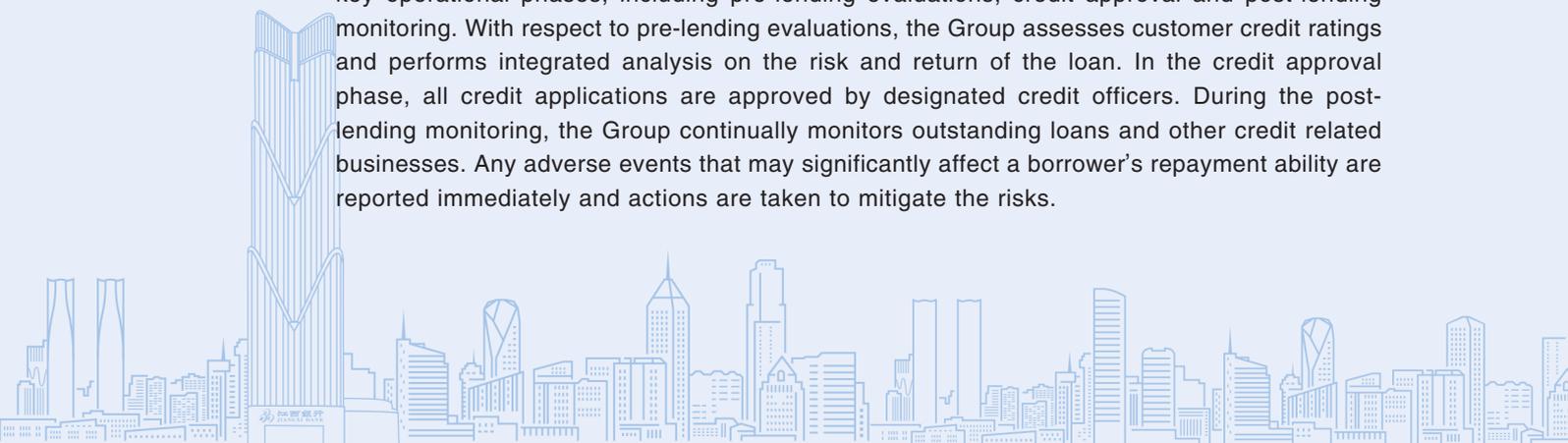
Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

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.



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

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.

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.

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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 2023, 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 2022: nil).



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FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

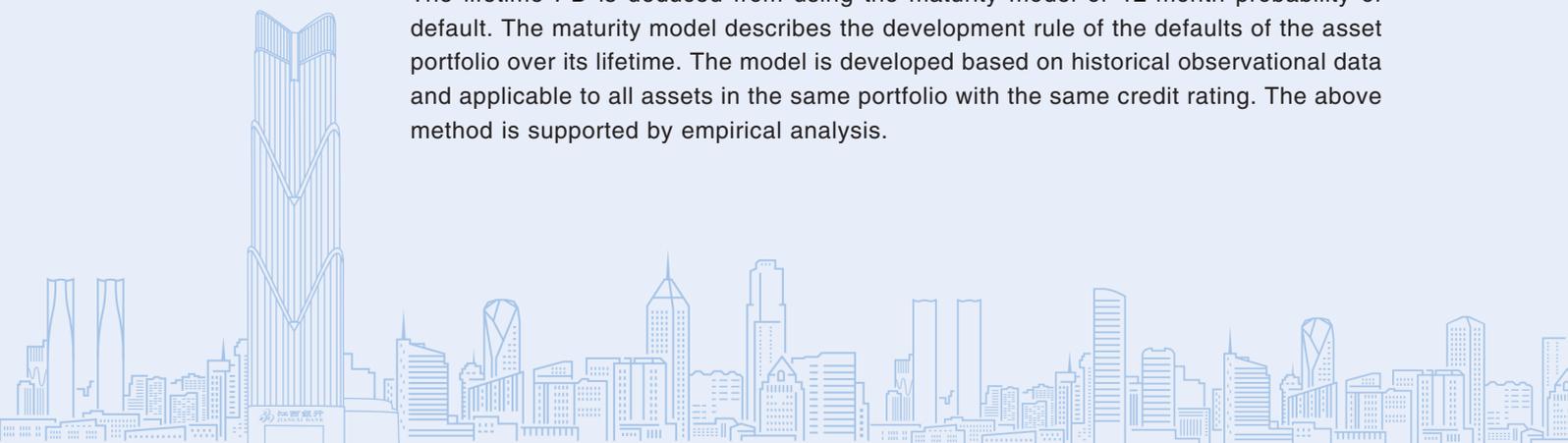
(iii) Notes to the parameters, assumptions and valuation techniques

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

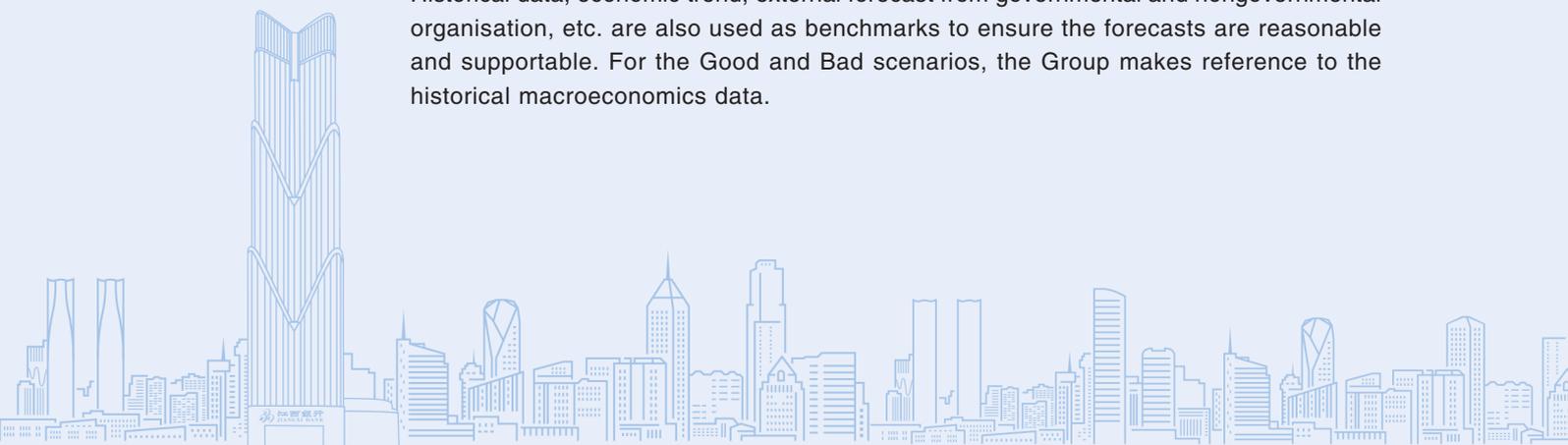
The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

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 2023, 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.

The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The “Baseline” scenario represents a most likely outcome and the other two scenarios, referred to as “Good” scenario and “Bad” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared by our Risk Management Committee Department. Historical data, economic trend, external forecast from governmental and nongovernmental organisation, etc. are also used as benchmarks to ensure the forecasts are reasonable and supportable. For the Good and Bad scenarios, the Group makes reference to the historical macroeconomics data.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each asset portfolio such as Gross Domestic Product Growth, Consumer Price Index, Property Price Index and Unemployment Rate. The Group evaluates and forecasts these economic indicators at least annually and applied them in the impairment model.

The probability weight assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

As at 30 June 2023, the Group assigned a higher probability weight to the Bad scenario, weights greater than the baseline and good scenario models to reflect accurate forward-looking forecasts for the year. (31 December 2022: the Bad scenario is weighted higher than the baseline and good scenario).

The calculation of ECL is affected by macroeconomic factors and economic scenarios. If more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the Bad scenario, it would result in an increase in ECL.

(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).



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

(2) The credit quality of financial assets is analysed as follows:

	30 June 2023			
	Loans and advances to customers RMB'000	Deposits/ placements with banks and other financial institutions RMB'000	Financial assets held under resale agreements RMB'000	Financial investments (Note (a)) RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	723	–	209,009	–
– Neither overdue nor credit-impaired	301,327,900	10,730,813	514,932	104,557,439
Sub-total	301,328,623	10,730,813	723,941	104,557,439
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	2,192,335	–	–	4,265,709
– Neither overdue nor credit-impaired	8,584,232	–	–	4,750,000
Sub-total	10,776,567	–	–	9,015,709
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	11,425,114	–	–	6,609,430
– Credit-impaired but not overdue	7,470,096	–	–	715,125
Sub-total	18,895,210	–	–	7,324,555
Less: Allowances for impairment losses	(13,456,265)	(3,889)	(12)	(4,143,863)
Total	317,544,135	10,726,924	723,929	116,753,840

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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 2022			
	Loans and advances to customers RMB'000	Deposits/ placements with banks and other financial institutions RMB'000	Financial assets held under resale agreements RMB'000	Financial investments (Note (a)) RMB'000
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	282,119,027	7,086,474	4,331,631	104,554,959
Sub-total	282,119,027	7,086,474	4,331,631	104,554,959
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	3,324,301	–	–	–
– Neither overdue nor credit-impaired	11,198,037	–	–	5,668,125
Sub-total	14,522,338	–	–	5,668,125
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	11,497,956	–	–	4,975,014
– Credit-impaired but not overdue	4,158,059	–	–	2,352,215
Sub-total	15,656,015	–	–	7,327,229
Less: Allowances for impairment losses	(11,984,613)	(2,640)	(47)	(4,009,815)
Total	300,312,767	7,083,834	4,331,584	113,540,498

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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 as at 30 June 2023 amounted to RMB3,143.72 million (31 December 2022: RMB1,483.21 million).

The fair value of collaterals held against loans and advances that are credit-impaired as at 30 June 2023 amounted to RMB16,500.28 million (31 December 2022: RMB16,112.88 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 2023 RMB'000	31 December 2022 RMB'000
Rescheduled loans and advances to customers	665,009	475,117
Credit-impaired loans and advances to customers included in above	507,915	358,961

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (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:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Impaired debt securities	1,205,849	1,224,125
Sub-total	1,205,849	1,224,125
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	92,961,763	76,720,424
– AA – to AA+	7,829,868	8,693,965
– A – to A+	1,195,024	365,450
Sub-total	101,986,655	85,779,839
<i>Unrated</i>	1,854,758	1,720,809
Sub-total	1,854,758	1,720,809
Total	105,047,262	88,724,773

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB85.225 billion as at 30 June 2023 (31 December 2022: RMB77.472 billion).

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 Planning and Finance 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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 Planning and Finance 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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	34,965,081	891,227	34,073,854	-	-	-
Deposits with banks and other financial institutions	1,989,192	364,653	1,557,556	66,983	-	-
Placements with banks and other financial institutions	8,737,732	39,731	1,399,910	7,298,091	-	-
Financial assets held under resale agreements	723,929	61	723,868	-	-	-
Loans and advances to customers (Note (a))	317,544,135	894,626	52,748,088	113,922,150	65,858,223	84,121,048
Financial investments (Note (b))	163,515,645	33,236,465	11,306,911	21,325,666	56,988,382	40,658,221
Others	11,168,349	11,168,349	-	-	-	-
Total assets	538,644,063	46,595,112	101,810,187	142,612,890	122,846,605	124,779,269
Liabilities						
Borrowing from the central bank	22,985,673	166,715	22,818,958	-	-	-
Deposits from banks and other financial institutions	12,596,223	164,666	5,279,557	5,919,000	1,233,000	-
Placements from banks and other financial institutions	4,002,619	2,619	1,300,000	2,700,000	-	-
Borrowing from other financial institutions	1,773,162	13,162	-	1,760,000	-	-
Financial assets sold under repurchase agreements	16,907,823	2,937	15,918,608	986,278	-	-
Deposits from customers	371,544,084	43,561,868	143,447,544	83,735,258	97,699,343	3,100,071
Debt securities issued	55,964,917	-	23,005,990	32,958,927	-	-
Others	4,937,497	4,093,760	48,985	87,486	364,083	343,183
Total liabilities	490,711,998	48,005,727	211,819,642	128,146,949	99,296,426	3,443,254
Asset-liability gap	47,932,065	(1,410,615)	(110,009,455)	14,465,941	23,550,179	121,336,015

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2022					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	35,792,748	1,137,277	34,655,471	-	-	-
Deposits with banks and other financial institutions	1,451,495	589,175	862,320	-	-	-
Placements with banks and other financial institutions	5,632,339	33,744	4,498,737	1,099,858	-	-
Financial assets held under resale agreements	4,331,584	1,051	4,330,533	-	-	-
Loans and advances to customers (Note (a))	300,312,767	824,304	43,876,457	119,377,711	57,598,054	78,636,241
Financial investments (Note (b))	157,096,891	1,550,275	42,289,704	19,712,862	57,267,753	36,276,297
Others	10,954,827	10,954,827	-	-	-	-
Total assets	515,572,651	15,090,653	130,513,222	140,190,431	114,865,807	114,912,538
Liabilities						
Borrowing from the central bank	18,797,977	147,788	4,075,749	14,574,440	-	-
Deposits from banks and other financial institutions	13,266,957	534,051	11,890,906	842,000	-	-
Placements from banks and other financial institutions	4,103,534	3,534	1,100,000	3,000,000	-	-
Borrowing from other financial institutions	4,302,920	92,920	1,100,000	900,000	2,210,000	-
Financial assets sold under repurchase agreements	17,209,176	9,176	17,200,000	-	-	-
Deposits from customers	352,711,370	4,757,052	184,610,620	64,157,332	95,788,165	3,398,201
Debt securities issued	52,161,884	-	25,329,873	26,832,011	-	-
Others	6,203,794	5,320,707	35,928	104,158	377,261	365,740
Total liabilities	468,757,612	10,865,228	245,343,076	110,409,941	98,375,426	3,763,941
Asset-liability gap	46,815,039	4,225,425	(114,829,854)	29,780,490	16,490,381	111,148,597

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023, 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 RMB6,357.26 million (31 December 2022: RMB8,762.09 million).
- (b) As at 30 June 2023, for financial investments, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB6,131.71 million (31 December 2022: RMB4,461.46 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.

	30 June 2023 (decrease)/ increase RMB’000	31 December 2022 (decrease)/ increase RMB’000
Changes in net profit		
Up 100 bps parallel shift in yield curves	(861,824)	(770,949)
Down 100 bps parallel shift in yield curves	837,441	759,323

	30 June 2023 (decrease)/ increase RMB’000	31 December 2022 (decrease)/ increase RMB’000
Changes in equity		
Up 100 bps parallel shift in yield curves	(515,529)	(353,341)
Down 100 bps parallel shift in yield curves	552,680	379,287

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FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

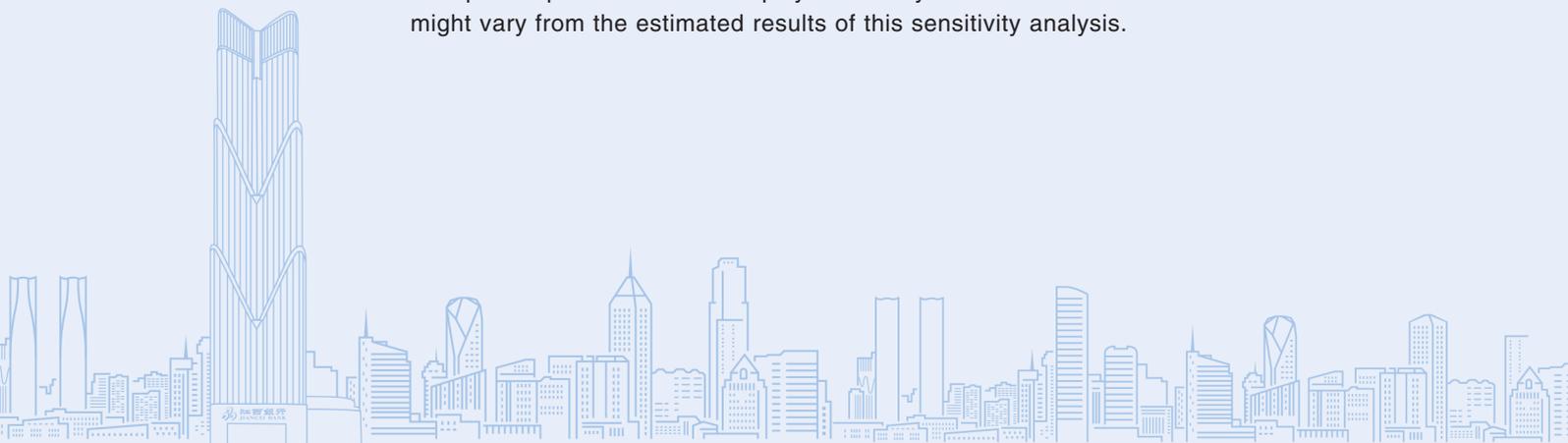
Interest rate risk (Continued)

(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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 (The numbers are presented in RMB equivalent):

	30 June 2023				
	RMB RMB'000	USD RMB'000	HKD RMB'000	Others RMB'000	Total RMB'000
Assets					
Cash and deposits with the central bank	34,946,282	17,244	1,256	299	34,965,081
Deposits with banks and other financial institutions	978,146	988,814	6,124	16,108	1,989,192
Placements with banks and other financial institutions	8,737,732	-	-	-	8,737,732
Financial assets held under resale agreements	723,929	-	-	-	723,929
Loans and advances to customers	317,309,475	234,660	-	-	317,544,135
Financial investments	163,515,645	-	-	-	163,515,645
Others	11,168,349	-	-	-	11,168,349
Total assets	537,379,558	1,240,718	7,380	16,407	538,644,063
Liabilities					
Borrowing from the central bank	22,985,673	-	-	-	22,985,673
Deposits from banks and other financial institutions	12,596,223	-	-	-	12,596,223
Placements from banks and other financial institutions	4,002,619	-	-	-	4,002,619
Borrowing from other financial institutions	1,773,162	-	-	-	1,773,162
Financial assets sold under repurchase agreements	16,907,823	-	-	-	16,907,823
Deposits from customers	371,409,768	123,830	9,860	626	371,544,084
Debt securities issued	55,964,917	-	-	-	55,964,917
Others	4,937,409	47	41	-	4,937,497
Total liabilities	490,577,594	123,877	9,901	626	490,711,998
Net position	46,801,964	1,116,841	(2,521)	15,781	47,932,065
Credit commitments	49,338,914	2,123,487	-	-	51,462,401

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 (The numbers are presented in RMB equivalent): (Continued)

	31 December 2022				
	RMB RMB'000	USD RMB'000	HKD RMB'000	Others RMB'000	Total RMB'000
Assets					
Cash and deposits with the central bank	35,773,621	17,517	1,333	277	35,792,748
Deposits with banks and other financial institutions	727,674	701,409	5,878	16,534	1,451,495
Placements with banks and other financial institutions	5,632,339	-	-	-	5,632,339
Financial assets held under resale agreements	4,331,584	-	-	-	4,331,584
Loans and advances to customers	298,849,162	1,463,605	-	-	300,312,767
Financial investments	157,096,891	-	-	-	157,096,891
Others	10,954,827	-	-	-	10,954,827
Total assets	513,366,098	2,182,531	7,211	16,811	515,572,651
Liabilities					
Borrowing from the central bank	18,797,977	-	-	-	18,797,977
Deposits from banks and other financial institutions	13,266,957	-	-	-	13,266,957
Placements from banks and other financial institutions	4,103,534	-	-	-	4,103,534
Borrowing from other financial institutions	4,302,920	-	-	-	4,302,920
Financial assets sold under repurchase agreements	17,209,176	-	-	-	17,209,176
Deposits from customers	352,484,090	216,639	9,824	817	352,711,370
Debt securities issued	52,161,884	-	-	-	52,161,884
Others	5,877,219	326,572	-	3	6,203,794
Total liabilities	468,203,757	543,211	9,824	820	468,757,612
Net position	45,162,341	1,639,320	(2,613)	15,991	46,815,039
Credit commitments	49,891,833	6,223,706	-	663	56,116,202

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

(ii) Exchange rate sensitivity analysis

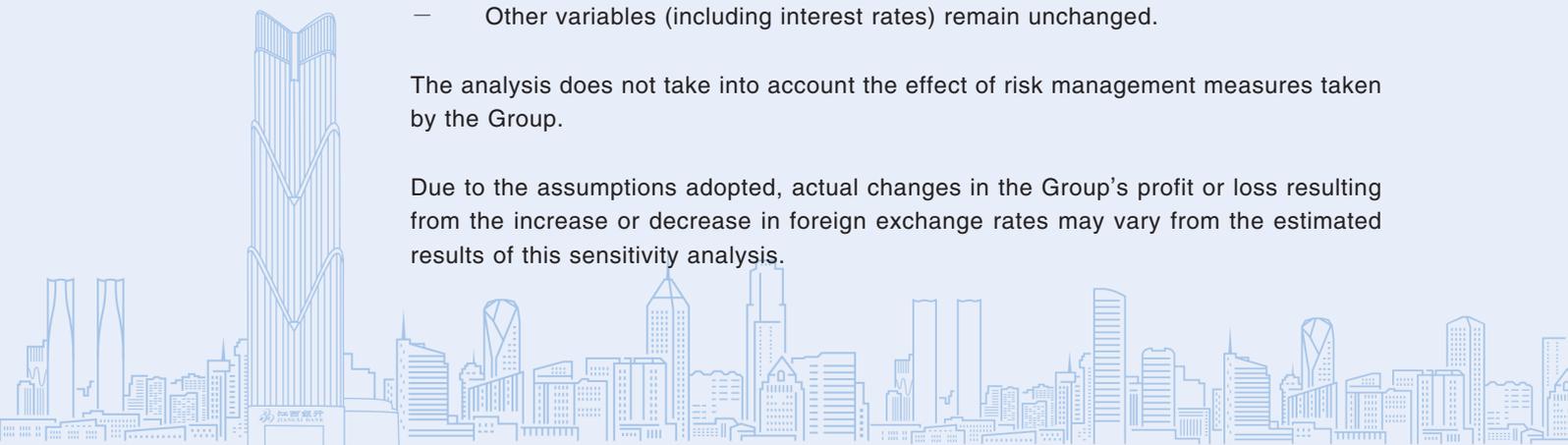
	30 June 2023 (decrease) / increase RMB'000	31 December 2022 (decrease) / increase RMB'000
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(8,476)	(12,395)
Foreign exchange rates increases by 100 bps	8,476	12,395

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 Planning and Finance 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 Planning and Finance 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.

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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:

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	30 June 2023				Total RMB'000
				Between				
				one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets								
Cash and deposits with the central bank	26,058,472	8,906,609	-	-	-	-	-	34,965,081
Deposits with banks and other financial institutions	-	1,921,563	-	-	67,629	-	-	1,989,192
Placements with banks and other financial institutions	-	-	-	1,403,192	7,334,540	-	-	8,737,732
Financial assets held under resale agreements	-	209,000	514,929	-	-	-	-	723,929
Loans and advances to customers	5,114,165	2,304,082	16,052,970	30,171,497	113,922,150	65,858,223	84,121,048	317,544,135
Financial investments	8,278,550	33,137,656	3,376,490	1,885,568	19,287,886	56,891,274	40,658,221	163,515,645
Others	4,889,802	6,179,954	225	3,151	31,601	59,224	4,392	11,168,349
Total assets	44,340,989	52,658,864	19,944,614	33,463,408	140,643,806	122,808,721	124,783,661	538,644,063



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	30 June 2023							
	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between	Between	Between	More than five years RMB'000	Total RMB'000
				one month and three months RMB'000	three months and one year RMB'000	one year and five years RMB'000		
Liabilities								
Borrowing from the central bank	-	-	549,884	3,017,705	19,418,084	-	-	22,985,673
Deposits from banks and other financial institutions	-	1,565,375	2,630,724	1,147,372	5,982,421	1,270,331	-	12,596,223
Placements from banks and other financial institutions	-	-	-	1,300,794	2,701,825	-	-	4,002,619
Borrowing from other financial institutions	-	-	-	-	1,773,162	-	-	1,773,162
Financial assets sold under repurchase agreements	-	-	15,921,544	-	986,279	-	-	16,907,823
Deposits from customers	-	149,276,129	16,865,613	18,864,474	84,964,151	98,373,216	3,200,501	371,544,084
Debt securities issued	-	-	5,004,304	18,001,686	32,958,927	-	-	55,964,917
Others	728,478	2,846,141	19,836	45,209	374,006	567,334	356,493	4,937,497
Total liabilities	728,478	153,687,645	40,991,905	42,377,240	149,158,855	100,210,881	3,556,994	490,711,998
Long/(short) position	43,612,511	(101,028,781)	(21,047,291)	(8,913,832)	(8,515,049)	22,597,840	121,226,667	47,932,065

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets								
Cash and deposits with the central bank	26,679,068	9,113,680	-	-	-	-	-	35,792,748
Deposits with banks and other financial institutions	-	1,408,641	14,284	28,570	-	-	-	1,451,495
Placements with banks and other financial institutions	-	-	3,300,704	1,210,867	1,120,768	-	-	5,632,339
Financial assets held under resale agreements	-	-	4,331,584	-	-	-	-	4,331,584
Loans and advances to customers	6,853,945	1,750,579	11,728,921	55,554,188	88,190,839	57,598,054	78,636,241	300,312,767
Financial investments	4,658,535	30,250,790	4,195,709	3,369,757	19,833,484	58,123,779	36,664,837	157,096,891
Others	4,497,165	5,551,815	11,251	25,581	134,271	381,258	353,486	10,954,827
Total assets	42,688,713	48,075,505	23,582,453	60,188,963	109,279,362	116,103,091	115,654,564	515,572,651



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000	
				Between one month and three months		Between three months and one year	Between one year and five years		More than five years
				RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
Liabilities									
Borrowing from the central bank	-	147,788	1,101,977	2,973,772	14,574,440	-	-	18,797,977	
Deposits from banks and other financial institutions	-	975,263	397,355	6,042,218	4,899,842	952,279	-	13,266,957	
Placements from banks and other financial institutions	-	-	100,086	1,000,862	3,002,586	-	-	4,103,534	
Borrowing from other financial institutions	-	-	1,140,835	942,364	2,219,721	-	-	4,302,920	
Financial assets sold under repurchase agreements	-	-	17,209,176	-	-	-	-	17,209,176	
Deposits from customers	-	147,345,848	21,666,106	18,146,529	65,025,046	97,083,680	3,444,161	352,711,370	
Debt securities issued	-	-	10,233,374	15,096,499	26,832,011	-	-	52,161,884	
Others	820,556	3,758,570	53,789	70,325	267,831	831,840	400,883	6,203,794	
Total liabilities	820,556	152,227,469	51,902,698	44,272,569	116,821,477	98,867,799	3,845,044	468,757,612	
Long/(short) position	41,868,157	(104,151,964)	(28,320,245)	15,916,394	(7,542,115)	17,235,292	111,809,520	46,815,039	

(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".

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023								
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Indefinite RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities									
Borrowing from the central bank	22,985,673	23,259,692	-	-	546,488	3,030,854	19,682,350	-	-
Deposits from banks and other financial institutions	12,596,223	13,818,368	-	2,377,918	2,635,216	1,213,468	6,166,629	1,425,137	-
Placements from banks and other financial institutions	4,002,619	4,026,194	-	-	-	1,307,944	2,718,250	-	-
Borrowing from other financial institutions	1,773,162	1,773,307	-	-	-	-	1,773,307	-	-
Financial assets sold under repurchase agreements	16,907,823	16,918,932	-	-	15,926,071	-	992,861	-	-
Deposits from customers	371,544,084	382,676,269	-	149,276,129	16,983,686	19,100,878	87,423,550	105,864,765	4,027,261
Debt securities issued	55,964,917	56,450,000	-	-	5,010,000	18,070,000	33,370,000	-	-
Lease liabilities	843,737	1,037,157,373	-	-	16,591,285	32,695,644	89,630,834	407,473,743	490,765,867
Total financial liabilities	486,618,238	1,536,080,135	-	151,654,047	57,692,746	75,418,788	241,757,761	514,763,645	494,793,128
Credit commitments	51,462,401	51,462,401	-	16,615,624	3,728,667	7,664,944	20,116,353	2,790,366	546,447

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

43. RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	31 December 2022								
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Indefinite RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities									
Borrowing from the central bank	18,797,977	19,058,418	-	147,788	1,103,346	2,984,821	14,822,463	-	-
Deposits from banks and other financial institutions	13,266,957	13,984,804	-	975,263	404,540	6,387,021	5,063,447	1,154,533	-
Placements from banks and other financial institutions	4,103,534	4,129,521	-	-	100,661	1,008,237	3,020,623	-	-
Borrowing from other financial institutions	4,302,920	5,003,423	-	-	1,140,857	1,622,457	2,240,109	-	-
Financial assets sold under repurchase agreements	17,209,176	17,221,415	-	-	17,221,415	-	-	-	-
Deposits from customers	352,711,370	361,405,976	-	147,345,848	22,046,780	18,829,969	67,368,127	101,966,705	3,848,547
Debt securities issued	52,161,884	52,560,000	-	-	10,320,000	15,190,000	27,050,000	-	-
Lease liabilities	883,087	1,095,174	-	-	23,378	12,731	106,900	423,977	528,188
Total financial liabilities	463,436,905	474,458,731	-	148,468,899	52,360,977	46,035,236	119,671,669	103,545,215	4,376,735
Credit commitments	56,116,202	56,116,202	-	16,182,584	6,030,592	5,440,782	24,418,975	3,497,062	546,207

CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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.



CHAPTER XIII NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

45. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1, <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IFRS 10 and IAS 28, <i>Sale 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.



CHAPTER XIV UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023	Average for the six months ended 30 June 2023
Liquidity coverage ratio (RMB and foreign currency)	414.86%	368.26%

	31 December 2022	Average for year ended 31 December 2022
Liquidity coverage ratio (RMB and foreign currency)	323.78%	378.10%

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 2023	31 December 2022
Leverage Ratio	8.60%	8.68%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC 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 former CBRC and based on the financial information prepared in accordance with PRC GAAP.

CHAPTER XIV UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. CURRENCY CONCENTRATIONS

The amounts are presented in RMB equivalent.

	30 June 2023			
	USD RMB'000	HKD RMB'000	Others RMB'000	Total RMB'000
Spot assets	2,775,779	9,875	16,426	2,802,080
Spot liabilities	(2,725,308)	(9,900)	(16,407)	(2,751,615)
Net position	50,471	(25)	19	50,465

	31 December 2022			
	USD RMB'000	HKD RMB'000	Others RMB'000	Total RMB'000
Spot assets	2,786,595	9,831	15,153	2,811,579
Spot liabilities	(3,034,374)	(9,825)	(15,135)	(3,059,334)
Net position	(247,779)	6	18	(247,755)

The Group has no structural position at the end of the reporting period.

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.

CHAPTER XIV UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. INTERNATIONAL CLAIMS (Continued)

	30 June 2023			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	363,410	–	109,941	473,351

	31 December 2022			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	587,671	–	530,095	1,117,766



CHAPTER XIV UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	30 June 2023 RMB'000	31 December 2022 RMB'000
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between 3 and 6 months (inclusive)	3,036,418	611,787
– Between 6 months and 1 year (inclusive)	3,321,182	3,652,763
– Over 1 year	4,704,744	1,777,112
Total	11,062,344	6,041,662
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.92%	0.20%
– Between 6 months and 1 year (inclusive)	1.01%	1.17%
– Over 1 year	1.43%	0.57%
Total	3.36%	1.94%



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
“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 25, 2023, 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)
“CBIRC”	the former China Banking and Insurance Regulatory Commission
“CBIRC Jiangxi Office”	the former China Banking and Insurance Regulatory Commission Jiangxi Office
“CBRC Jiangxi Office”	the former China Banking Regulatory Commission Jiangxi Office
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the six months from January 1, 2023 to June 30, 2023
“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”	<i>United States dollars, the lawful currency of the United States</i>