



吉林九台農村商業銀行股份有限公司\*  
JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED\*

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

Stock Code : 6122

# 2023

## Interim Report

*\*Jilin Jiutai Rural Commercial Bank Corporation Limited 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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# Chapter 1 Definitions and Glossary

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

“Anci District Huimin Village and Township Bank”	Huimin Village Bank Company Limited of Anci, Langfang (廊坊市安次區惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 6, 2011, in which the Bank holds a 51.00% equity interest. The remaining 56 shareholders hold 49.00% equity interest in Anci District Huimin Village and Township Bank
“Anping Huimin Village and Township Bank”	Anping Huimin Village Bank Co., Ltd. (安平惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 24, 2013, in which the Bank holds a 28.17% equity interest. The remaining 97 shareholders hold 71.83% equity interest in Anping Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 24.63% equity interest in Anping Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Anping Huimin Village and Township Bank. Anping Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Articles of Association”	the articles of association of the Bank
“Baicheng Taobei Huimin Village and Township Bank”	Baicheng Taobei Huimin Village Bank Co., Ltd. (白城洮北惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on November 23, 2015, in which the Bank holds a 49.00% equity interest. The remaining 18 shareholders hold 51.00% equity interest in Baicheng Taobei Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 14.00% equity interest in Baicheng Taobei Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Baicheng Taobei Huimin Village and Township Bank. Baicheng Taobei Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Bank”	Jilin Jiutai Rural Commercial Bank Corporation Limited, a joint stock company incorporated in the PRC on December 16, 2008 with limited liability in accordance with PRC laws, including its predecessors, but excluding its subsidiaries
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	the former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

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“CBIRC Jilin Bureau”	the former China Banking and Insurance Regulatory Commission Jilin Bureau (中國銀行保險監督管理委員會吉林監管局)
“Changbai Mountain Rural Commercial Bank”	Changbai Mountain Rural Commercial Bank Co., Ltd. (長白山農村商業銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 14, 2011, in which the Bank holds a 38.80% equity interest. The other 16 shareholders hold 61.20% equity interest in Changbai Mountain Rural Commercial Bank
“Changchun Gaoxin Huimin Village and Township Bank”	Changchun Gaoxin Huimin Village Bank Co., Ltd. (長春高新惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on September 24, 2013, in which the Bank holds a 40.00% equity interest. The remaining 12 shareholders hold 60.00% equity interest in Changchun Gaoxin Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 20.00% equity interest in Changchun Gaoxin Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Changchun Gaoxin Huimin Village and Township Bank. Changchun Gaoxin Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Changchun Nanguan Huimin Village and Township Bank”	Changchun Nanguan Hui Min Village Bank Co., Ltd. (長春南關惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on January 11, 2011, in which the Bank holds a 51.20% equity interest. The remaining 34 shareholders hold 48.80% equity interest in Changchun Nanguan Huimin Village and Township Bank
“Da’an Huimin Village and Township Bank”	Da’an Huimin Village Bank Co., Ltd. (大安惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on January 26, 2011, in which the Bank holds a 51.46% equity interest. The remaining 13 shareholders hold 48.54% equity interest in Da’an Huimin Village and Township Bank
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi

## Chapter 1 Definitions and Glossary

“Fuyu Huimin Village and Township Bank”	Fuyu Huimin Village Bank Co., Ltd. (扶餘惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 14, 2015, in which the Bank holds a 42.85% equity interest. The remaining 46 shareholders hold 57.15% equity interest in Fuyu Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 13.41% equity interest in Fuyu Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Fuyu Huimin Village and Township Bank. Fuyu Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Gaomi Huimin Village and Township Bank”	Gaomi Huimin Village and Township Bank Co., Ltd. (高密惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on May 25, 2011, in which the Bank holds a 56.70% equity interest. The remaining 46 shareholders hold 43.30% equity interest in Gaomi Huimin Village and Township Bank
“Group”	the Bank and its consolidated subsidiaries
“Guangzhou Huangpu Huimin Village and Township Bank”	Guangzhou Huangpu Huimin Village and Township Bank Co., Ltd. (廣州黃埔惠民村鎮銀行股份有限公司) (formerly known as Guangzhou Luogang Huimin Village Bank Co., Ltd. 廣州蘿崗惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on February 7, 2014, in which the Bank holds a 51.00% equity interest. The remaining 7 shareholders hold 49.00% equity interest in Guangzhou Huangpu Huimin Village and Township Bank
“H Shares”	the ordinary shares issued by the Bank in Hong Kong with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars
“Hanshan Huimin Village and Township Bank”	Hanshan Huimin Town Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on December 30, 2010, in which the Bank holds a 78.51% equity interest. The remaining 34 shareholders hold 21.49% equity interest in Hanshan Huimin Village and Township Bank

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“Heyang Huimin Village and Township Bank”	Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 16, 2013, in which the Bank holds a 42.68% equity interest. The remaining 35 shareholders hold 57.32% equity interest in Heyang Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 14.02% equity interest in Heyang Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Heyang Huimin Village and Township Bank. Heyang Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as may be amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huadian Huimin Village and Township Bank”	Huadian Huimin Village Bank Co., Ltd. (樺甸惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on October 29, 2013, in which the Bank holds a 51.00% equity interest. The remaining 17 shareholders hold 49.00% equity interest in Huadian Huimin Village and Township Bank
“Huidong Huimin Village and Township Bank”	Huidong Huimin Village Bank Co., Ltd. (惠東惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on November 21, 2014, in which the Bank holds a 35.00% equity interest. The remaining 11 shareholders hold 65.00% equity interest in Huidong Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 30.00% equity interest in Huidong Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Huidong Huimin Village and Township Bank. Huidong Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“IFRS”	the International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board

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“Jilin Chuanying Huimin Village and Township Bank”	Jilin Chuanying Huimin Village Bank Co., Ltd. (吉林船營惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 21, 2016, in which the Bank holds a 46.00% equity interest. The remaining 27 shareholders hold 54.00% equity interest in Jilin Chuanying Huimin Village and Township Bank. The Bank and another shareholder (holding 5.00% equity interest in Jilin Chuanying Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jilin Chuanying Huimin Village and Township Bank. Jilin Chuanying Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Jilin Chuncheng Rural Commercial Bank”	Jilin Chuncheng Rural Commercial Bank Co., Ltd. (吉林春城農村商業銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on October 12, 2015, in which the Bank holds a 14.50% equity interest. The remaining 16 shareholders hold 85.50% equity interest in Jilin Chuncheng Rural Commercial Bank
“Jilin Fengman Huimin Village and Township Bank”	Jilin Fengman Huimin Village Bank Co., Ltd. (吉林豐滿惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 16, 2013, in which the Bank holds a 46.00% equity interest. The remaining 14 shareholders hold 54.00% equity interest in Jilin Fengman Huimin Village and Township Bank. The Bank and another shareholder (holding 4.50% equity interest in Jilin Fengman Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jilin Fengman Huimin Village and Township Bank. Jilin Fengman Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Jilin Gongzhuling Rural Commercial Bank”	Jilin Gongzhuling Rural Commercial Bank Co., Ltd. (吉林公主嶺農村商業銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on October 12, 2015, in which the Bank holds a 20.20% equity interest. The remaining 531 shareholders hold 79.80% equity interest in Jilin Gongzhuling Rural Commercial Bank
“Jilin Jiuyin Financial Leasing Co., Ltd.”	Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九銀金融租賃股份有限公司), a joint stock company with limited liability incorporated in the PRC on February 20, 2017, in which the Bank holds a 60.00% equity interest. The remaining 4 shareholders hold 40.00% equity interest in Jilin Jiuyin Financial Leasing Co., Ltd.



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“Jingmen Dongbao Huimin Village and Township Bank”	Jingmen Dongbao Huimin Village Bank Co., Ltd. (荊門東寶惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 21, 2011, in which the Bank holds a 31.19% equity interest. The remaining 52 shareholders hold 68.81% equity interest in Jingmen Dongbao Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 22.25% equity interest in Jingmen Dongbao Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jingmen Dongbao Huimin Village and Township Bank. Jingmen Dongbao Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Jiutai Longjia Village and Township Bank”	Jiutai Longjia Village Bank Co., Ltd. (九台龍嘉村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on October 12, 2010, in which the Bank holds a 15.00% equity interest. The remaining 10 shareholders hold 85.00% equity interest in Jiutai Longjia Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 40.00% equity interest in Jiutai Longjia Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Jiutai Longjia Village and Township Bank. Jiutai Longjia Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Latest Practicable Date”	September 15, 2023, being the latest practicable date for ascertaining certain information in this interim report before its publication
“Leizhou Huimin Village and Township Bank”	Leizhou Huimin Village Bank Co., Ltd. (雷州惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on March 25, 2015, in which the Bank holds a 17.87% equity interest. The remaining 28 shareholders hold 82.13% equity interest in Leizhou Huimin Village and Township Bank. The Bank and 7 other shareholders (holding an aggregate of 33.82% equity interest in Leizhou Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Leizhou Huimin Village and Township Bank. Leizhou Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Liaoyuan Rural Commercial Bank”	Liaoyuan Rural Commercial Bank Co., Ltd. (遼源農村商業銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on November 15, 2012, in which the Bank holds a 35.13% equity interest. The remaining 14 shareholders hold 64.87% equity interest in Liaoyuan Rural Commercial Bank.

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“Lingshui Huimin Village and Township Bank”	Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司) (formerly known as Lingshui Dasheng Company Bank Co., Ltd. (陵水大生村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on May 16, 2011, in which the Bank holds a 20.00% equity interest. The remaining 27 shareholders hold 80.00% equity interest in Lingshui Huimin Village and Township Bank. The Bank and 7 other shareholders (holding an aggregate of 32.60% equity interest in Lingshui Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Lingshui Huimin Village and Township Bank. Lingshui Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Lujiang Huimin Village and Township Bank”	Lu Jiang Hui Min Town Bank Co., Ltd. (廬江惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on December 28, 2010, in which the Bank holds a 60.00% equity interest. The remaining 49 shareholders hold 40.00% equity interest in Lujiang Huimin Village and Township Bank
“non-performing loans”	non-performing loans, and for the purpose of this interim report, means such loans that are classified as substandard, doubtful and loss according to the five-category loans classification system the Bank and each subsidiary adopted pursuant to applicable PRC guidelines
“non-performing loan ratio”	the percentage ratio calculated by dividing non-performing loans by total loans
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purposes of this interim report, excluding Hong Kong, Macau and Taiwan, unless otherwise indicated
“PRC GAAP”	the PRC Accounting Standards for Business Enterprises (中國企業會計準則) promulgated by the Ministry of Finance of the PRC on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“Qianan Huimin Village and Township Bank”	Qianan Huimin Village Bank Co., Ltd. (乾安惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on December 28, 2010, in which the Bank holds a 45.25% equity interest. The remaining 23 shareholders hold 54.75% equity interest in Qianan Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 6.40% equity interest in Qianan Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Qianan Huimin Village and Township Bank. Qianan Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary

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“Qingdao Jimo Huimin Village and Township Bank”	Qingdao Jimo Huimin Village Bank Co., Ltd. (青島即墨惠民村鎮銀行股份有限公司) (formerly known as Qingdao Jimo Jingdu Village and Township Bank Co., Ltd. (青島即墨京都村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on October 14, 2008, in which the Bank holds a 59.00% equity interest. The remaining 5 shareholders hold 41.00% equity interest in Qingdao Jimo Huimin Village and Township Bank
“Qingdao Pingdu Huimin Village and Township Bank”	Qingdao Pingdu Huimin Village Bank Co., Ltd. (青島平度惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 23, 2010, in which the Bank holds a 58.82% equity interest. The remaining 92 shareholders hold 41.18% equity interest in Qingdao Pingdu Huimin Village and Township Bank
“Qingyuan Qingxin Huimin Village and Township Bank”	Qingyuan Qingxin Huimin Village Bank Co., Ltd. (清遠清新惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 23, 2014, in which the Bank holds a 58.42% equity interest. The remaining 13 shareholders hold 41.58% equity interest in Qingyuan Qingxin Huimin Village and Township Bank
“Reporting Period”	the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
“RMB” or “Renminbi”	the lawful currency of the PRC
“Sanya Huimin Village and Township Bank”	Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司) (formerly known as Sanya Phoenix County Village and Township Bank Co., Ltd. (三亞鳳凰村鎮銀行股份有限公司)), a joint stock company with limited liability incorporated in the PRC on May 16, 2011, in which the Bank holds a 20.00% equity interest. The remaining 33 shareholders hold 80.00% equity interest in Sanya Huimin Village and Township Bank. The Bank and 14 other shareholders (holding an aggregate of 40.50% equity interest in Sanya Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Sanya Huimin Village and Township Bank. Sanya Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares

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“Shuangcheng Huimin Village and Township Bank”	Shuangcheng Huimin Village Bank Co., Ltd. (雙城惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on January 25, 2010, in which the Bank holds a 62.26% equity interest. The remaining 28 shareholders hold 37.74% equity interest in Shuangcheng Huimin Village and Township Bank
“Songyuan Ningjiang Huimin Village and Township Bank”	Songyuan Ningjiang Huimin Village Bank Company Limited (松原寧江惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 19, 2011, in which the Bank holds a 40.80% equity interest. The remaining 109 shareholders hold 59.20% equity interest in Songyuan Ningjiang Huimin Village and Township Bank. The Bank and 4 other shareholders (holding an aggregate of 10.13% equity interest in Songyuan Ningjiang Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Songyuan Ningjiang Huimin Village and Township Bank. Songyuan Ningjiang Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Supervisor(s)”	the supervisor(s) of the Bank
“Taonan Huimin Village and Township Bank”	Taonan Huimin Village Bank Co., Ltd. (洮南惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 11, 2015, in which the Bank holds a 40.83% equity interest. The remaining 16 shareholders hold 59.17% equity interest in Taonan Huimin Village and Township Bank. The Bank and 3 other shareholders (holding an aggregate of 19.99% equity interest in Taonan Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Taonan Huimin Village and Township Bank. Taonan Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“three rurals”	a short term for the issues related to agriculture, rural areas and rural households
“Tianjin Binhai Huimin Village and Township Bank”	Tianjin Binhai Huimin Village Bank Co., Ltd. (天津濱海惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on June 11, 2014, in which the Bank holds a 47.00% equity interest. The remaining 82 shareholders hold 53.00% equity interest in Tianjin Binhai Huimin Village and Township Bank. The Bank and 5 other shareholders (holding an aggregate of 6.23% equity interest in Tianjin Binhai Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Tianjin Binhai Huimin Village and Township Bank. Tianjin Binhai Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary

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“Tongcheng Huimin Village and Township Bank”	Tongcheng Huimin Village Bank Co., Ltd. (通城惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on September 19, 2012, in which the Bank holds a 75.76% equity interest. The remaining 33 shareholders hold 24.24% equity interest in Tongcheng Huimin Village and Township Bank
“Wenan County Huimin Village and Township Bank”	Huimin Village Bank of Wenan (文安縣惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on December 23, 2011, in which the Bank holds a 32.01% equity interest. The remaining 70 shareholders hold 67.99% equity interest in Wenan County Huimin Village and Township Bank. The Bank and 6 other shareholders (holding an aggregate of 20.08% equity interest in Wenan County Huimin Village and Township Bank) entered into agreements to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Wenan County Huimin Village and Township Bank. Wenan County Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Wuchang Huimin Village and Township Bank”	Wuchang Huimin Village Bank Co., Ltd. (五常惠民村鎮銀行有限責任公司), a company with limited liability incorporated in the PRC on November 11, 2010, in which the Bank holds a 66.67% equity interest. The remaining 25 shareholders hold 33.33% equity interest in Wuchang Huimin Village and Township Bank
“Wuhua Huimin Village and Township Bank”	Wuhua Huimin Village Bank Co., Ltd. (五華惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 13, 2014, in which the Bank holds a 39.23% equity interest. The remaining 44 shareholders hold 60.77% equity interest in Wuhua Huimin Village and Township Bank. The Bank and 2 other shareholders (holding an aggregate of 17.52% equity interest in Wuhua Huimin Village and Township Bank) entered into an agreement to act in concert with respect to their voting rights to be exercised at board meetings and shareholders’ general meetings of Wuhua Huimin Village and Township Bank. Wuhua Huimin Village and Township Bank is deemed to be under the Bank’s control and to be the Group’s subsidiary
“Yun’an Huimin Village and Township Bank”	Yun’an Huimin Village Bank Co., Ltd. (雲安惠民村鎮銀行股份有限公司), a joint stock company with limited liability incorporated in the PRC on January 27, 2014, in which the Bank holds a 61.00% equity interest. The remaining 5 shareholders hold 39.00% equity interest in Yun’an Huimin Village and Township Bank

*In this interim report:*

- 1. any discrepancies in any table between totals and sums of the amounts listed are due to rounding; and*
- 2. if there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*

# Chapter 2 Company Profile

## I. BASIC INFORMATION OF THE BANK

### Registered Name in Chinese:

吉林九台農村商業銀行股份有限公司 (abbreviated as “九台農商銀行”)

### Registered Name in English:

Jilin Jiutai Rural Commercial Bank Corporation Limited (abbreviated as “Jiutai Rural Commercial Bank”)

### Legal Representative:

Gao Bing (高兵)<sup>(1)</sup>

### Authorized Representatives:

Yuan Chunyu (袁春雨), Lau Kwok Yin (劉國賢)

### Board Secretary:

Yuan Chunyu (袁春雨)

### Joint Company Secretaries:

Yuan Chunyu (袁春雨), Lau Kwok Yin (劉國賢)

### Registered Office Address of the Bank:

No. 504 Xinhua Main Street  
Jiutai District, Changchun  
Jilin Province, the PRC

### Principal Office Address of the Bank:

No. 2559 Wei Shan Road  
High-tech Zone, Changchun  
Jilin Province, the PRC

(1) The Board of the Bank received a resignation report from Mr. Gao Bing on March 17, 2023. Mr. Gao Bing resigned from the positions of executive Director and Chairman of the Bank with immediate effect, due to the relevant regulation regarding expiration of the term of office as a key personnel. As of the Latest Practicable Date, the Bank is still in the process of registering the change of legal representative.

## Chapter 2 Company Profile

### Customer Service Hotline:

+86 (431) 96888

### Telephone:

+86 (431) 8925 0628

### Facsimile:

+86 (431) 8925 0628

### Company Website:

[www.jtnsh.com](http://www.jtnsh.com)

### Principal Place of Business in Hong Kong:

Room 15, 11th Floor, Tower 2, Admiralty Centre  
18 Harcourt Road  
Admiralty, Hong Kong

### H Share Disclosure Websites:

The Stock Exchange of Hong Kong Limited's HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk)  
The Bank's website at [www.jtnsh.com](http://www.jtnsh.com)

### Listing Place:

The Stock Exchange of Hong Kong Limited

### Stock Short Name:

JIUTAI RCB

### Stock Code:

06122

## Chapter 2 Company Profile

### H Share Registrar:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### PRC Legal Adviser:

King & Wood Mallesons  
17-18/F, East Tower  
World Financial Center  
1 Dongsanhuan Zhonglu  
Chaoyang District, Beijing, the PRC

### Hong Kong Legal Adviser:

Clifford Chance  
27/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

### Auditors:

#### ***Domestic Auditor:***

CAC CPA Limited Liability Partnership  
52/F Centre Plaza  
No. 188 Jiefang Road  
Heping District, Tianjin, the PRC

#### ***International Auditor:***

SHINEWING (HK) CPA Limited  
17/F, Chubb Tower, Windsor House  
311 Gloucester Road, Causeway Bay  
Hong Kong



### II. HISTORY OF THE BANK

On December 15, 2008, upon the approval of the former CBRC Jilin Bureau, the Bank was promoted and established as a joint stock commercial bank named “Jilin Jiutai Rural Commercial Bank Corporation Limited” (吉林九台農村商業銀行股份有限公司) by qualified natural person shareholders of the former Jiutai Rural Credit Cooperative (九台市農村信用合作聯社), newly introduced natural person shareholders and legal person shareholders. On December 16, 2008, the Bank was formally incorporated.

The Bank’s current registered address is No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin Province, the PRC. The Bank has established a place of business in Hong Kong at Room 15, 11th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong and registered as a non-Hong Kong company in Hong Kong on February 17, 2016 under Part XVI of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Bank appointed Mr. Lau Kwok Yin (劉國賢) as the Bank’s authorized representative for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Bank in Hong Kong is at 40th Floor, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong. As the Bank was established in the PRC, the Bank’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC.

The Bank’s H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2017.

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 2 Company Profile

### III. MAJOR AWARDS AND RECOGNITIONS IN THE FIRST HALF OF 2023

The Group has won numerous awards and recognitions in the first half of 2023, mainly including the following:

Unit	Awards/Recognitions	Organizer
Jiutai Rural Commercial Bank	Excellent Case of Banking Services for Rural Revitalization in 2022 (2022年度銀行業服務鄉村振興優秀案例)	“2022 Second Banking Excellent Banking Cases Collection” Activity by China.com (中國網「2022年度第二屆銀行業優秀案例徵集」活動)
Jiutai Rural Commercial Bank	2022 Inclusive Financial Services Bank (2022年度普惠金融服務銀行)	The “Golden Cicada Award” by China Times (《華夏時報》「金蟬獎」評選)
Jiutai Rural Commercial Bank	2022 Typical Case of Financial Services Specialised and New Small and Medium Size Enterprises (2022年金融服務專精特新中小企業典型案例)	Collection of “2022 Typical Cases of Financial Services Specialised and New Small and Medium Size Enterprises” by the China Banking Association (中國銀行業協會「2022年金融服務專精特新中小企業典型案例」徵集)
Jiutai Rural Commercial Bank	National Advanced Private Enterprise for Employment and Social Security (全國就業與社會保障先進民營企業)	Joint evaluation by the All-China Federation of Industry and Commerce, the Ministry of Human Resources and Social Security and the All-China Federation of Trade Unions
Jiutai Rural Commercial Bank	Best Volunteer Service Project (最佳志願服務項目) Hundred Commissioners for Hundred Villages Voluntary Service Special Action Project	“Advanced Typical Lei Feng Volunteer Service Model” by the Propaganda Department of Jilin Provincial Party Committee (吉林省委宣傳部「學雷鋒志願服務先進典型」評選)

## Chapter 2 Company Profile

Unit	Awards/Recognitions	Organizer
Jiutai Rural Commercial Bank	Wind ESG Rating A (Wind ESG評級A級)	“2022 Wind ESG Rating List of Listed Banks in Mainland China” by Wind (萬得「2022年中國內地上市銀行Wind ESG評級榜單」)
Jiutai Rural Commercial Bank – Comprehensive Data Display Platform	Excellent Application Case of Data Management in Jilin Province in 2023 (2023吉林省數據管理優秀應用案例)	Jilin Digital Economy Development Promotion Association (吉林省數字經濟發展促進會)
Jiutai Rural Commercial Bank – Jilin Road Sub-branch	Top 100 Demonstration Units of Civilized and Standardized Services of Banking Outlets (銀行業營業網點文明規範服務百佳示範單位)	China Banking Association (中國銀行業協會)
Jiutai Rural Commercial Bank	Top 1,000 World Banks in 2023 (2023年世界銀行1,000強)	The Banker, a U.K. magazine (英國《銀行家》雜誌)
Jiutai Rural Commercial Bank	Tianji Award for Inclusive Financial Service in 2023 (2023年度普惠金融服務銀行天璣獎)	“2023 China Banking Tianji Award” by Securities Times (證券時報社「2023中國銀行業天璣獎」評選)
Jiutai Rural Commercial Bank Hundred Commissioners for Hundred Villages Voluntary Service Special Action Project	Best Volunteer Service Project (最佳志願服務項目)	“Four 100” Advanced Typical Publicity and Selection for National Lei Feng Volunteer Service in 2022 by the Publicity Department of the Central Communist Party Committee and the Civilization Office of the Central Communist Party Committee (中央宣傳部、中央文明辦2022年度全國學雷鋒志願服務「四個100」先進典型宣傳推選)
Jingmen Dongbao Huimin Village and Township Bank	Outstanding Contributing Unit to Assist Rural Revitalization (助力鄉村振興突出貢獻單位)	Financial Leadership Group of Dongbao District, Jingmen City (荊門市東寶區金融領導小組)
Hanshan Huimin Village and Township Bank	2022 Service Industry Contributing Enterprise (2022年度服務業貢獻企業)	Hanshan County Committee of the Communist Party of China (中共含山縣委) and Hanshan County People’s Government (含山縣人民政府)

## Chapter 3 Financial Summary

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in percentage (%)	Year ended December 31, 2022
	2023	2022		
<b>Operating results</b>				
Interest income	6,533.5	6,759.5	(3.3)	14,382.7
Interest expenses	(4,116.4)	(3,811.9)	8.0	(7,867.8)
<b>Net interest income</b>	<b>2,417.1</b>	2,947.6	(18.0)	6,514.9
Fee and commission income	39.4	63.1	(37.6)	153.5
Fee and commission expenses	(31.7)	(32.7)	(3.1)	(71.8)
<b>Net fee and commission income</b>	<b>7.7</b>	30.4	(74.7)	81.7
Net trading gains	43.1	65.4	(34.1)	95.1
Dividend income	0.9	21.4	(95.8)	21.4
Net gains arising from investment securities	80.1	32.3	148.0	98.6
Losses on deemed disposal of a subsidiary	–	–	–	(208.6)
Net exchange gains	2.4	4.9	(51.0)	8.0
Other operating (expenses) income, net	(33.8)	49.8	(167.9)	(14.0)
<b>Operating income</b>	<b>2,517.5</b>	3,151.8	(20.1)	6,597.1
Operating expenses	(1,380.2)	(1,322.1)	4.4	(3,266.2)
Impairment losses on assets	(1,043.9)	(1,048.4)	(0.4)	(1,360.9)
<b>Operating profit</b>	<b>93.4</b>	781.3	(88.0)	1,970.0
Share of results of associates	2.4	(6.4)	(137.5)	13.5
<b>Profit before tax</b>	<b>95.8</b>	774.9	(87.6)	1,983.5
Income tax credit (expenses)	32.3	(121.3)	(126.6)	(311.5)
<b>Profit for the period/end of year</b>	<b>128.1</b>	653.6	(80.4)	1,672.0
<b>Profit for the year attributable to:</b>				
– Owners of the Bank	149.3	732.1	(79.6)	1,683.3
– Non-controlling interests	(21.2)	(78.5)	(73.0)	(11.3)
<b>Profit for the period/end of year</b>	<b>128.1</b>	653.6	(80.4)	1,672.0
		(Restated)		(Restated)
Basic earnings per share (RMB)	0.03	0.14	(78.6)	0.33
Diluted earnings per share (RMB)	0.03	0.14	(78.6)	0.33

## Chapter 3 Financial Summary

(Expressed in millions of RMB, unless otherwise stated)	As at June 30, 2023	As at December 31, 2022	Change in percentage (%)	
<b>Major indicators of assets/liabilities</b>				
Total assets	267,276.7	267,000.7	0.1	
Of which: loans and advances to customers	175,234.7	170,597.4	2.7	
Total liabilities	248,488.0	248,381.4	0.0	
Of which: deposits from customers	238,036.0	232,291.9	2.5	
Total equity	18,788.7	18,619.3	0.9	
<b>Six months ended June 30,</b>				
	2023	2022	Change in percentage (%)	
<b>Profitability indicators (%)</b>				
Return on assets <sup>(1)(15)</sup>	0.10%	0.53%	(81.1)	
Return on capital <sup>(2)(15)</sup>	1.37%	7.22%	(81.0)	
Net interest spread <sup>(3)(15)</sup>	1.74%	2.29%	(24.0)	
Net interest margin <sup>(4)(15)</sup>	1.83%	2.39%	(23.4)	
Net fee and commission income to operating income ratio <sup>(5)</sup>	0.31%	0.96%	(67.7)	
Cost-to-income ratio <sup>(6)</sup>	53.18%	40.64%	30.9	
	As at June 30, 2023	As at December 31, 2022	Change in percentage (%)	As at June 30, 2022
<b>Capital adequacy indicators (%)</b>				
Core tier-one capital adequacy ratio <sup>(7)</sup>	8.51%	8.91%	(4.5)	8.51%
Tier-one capital adequacy ratio <sup>(8)</sup>	8.60%	9.01%	(4.6)	8.60%
Capital adequacy ratio <sup>(9)</sup>	10.98%	11.50%	(4.5)	11.25%
Shareholders' equity to total assets ratio	7.03%	6.97%	0.9	7.11%
<b>Assets quality indicators (%)</b>				
Non-performing loan ratio <sup>(10)</sup>	2.28%	1.98%	15.2	1.96%
Provision coverage ratio <sup>(11)</sup>	150.19%	157.39%	(4.6)	165.54%
Provision to total loan ratio <sup>(12)</sup>	3.42%	3.12%	9.6	3.24%
<b>Other indicators<sup>(13)</sup> (%)</b>				
Loan to deposit ratio <sup>(14)</sup>	76.87%	75.67%	1.6	79.00%

## Chapter 3 Financial Summary

### Notes:

- (1) Calculated by dividing the net profit for the period/year by the average balance of total assets at the beginning and the end of that period/year.
- (2) Calculated by dividing the net profit for the period/year by the average balance of total equity at the beginning and at the end of that period/year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing net fee and commission income by operating income.
- (6) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.
- (7) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (8) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (9) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (10) Non-performing loan ratio = non-performing loans and advances to customers/gross loans and advances to customers\*100%.
- (11) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans and advances to customers\*100%.
- (12) Provision to total loan ratio = provision for impairment losses on loans/gross loans and advances to customers\*100%.
- (13) These indicators refer to the ratios we report to the former China Banking and Insurance Regulatory Commission (“**Former CBIRC**”, currently known as the National Administration of Financial Regulation) and calculated in accordance with PRC GAAP and relative requirements of the Former CBIRC regarding the financial data.
- (14) According to the revised PRC Commercial Banking Law which became effective on October 1, 2015, loan to deposit ratio is no longer applicable to the PRC Commercial Banks as a regulatory ratio.
- (15) Ratios for the six months ended June 30, 2022 and 2023 are calculated on an annualized basis.

# Chapter 4 Management Discussion and Analysis

## 1 Environment and Outlook

This year, the global political and economic landscape is still undergoing profound changes, and there are still many uncertainties affecting development. The impact of the domestic pandemic in China has significantly receded, and the triple pressure of demand contraction, supply shock and weakening expectations have been alleviated.

Although China's economy is facing challenges such as insufficient domestic demand, operational difficulties for some enterprises and complex and severe external environment, with the increasing efforts of macroeconomic policy regulation, the gradual implementation of measures such as expanding demand, alleviating difficulties for enterprises and debt resolution, it is expected that the economic operation will continue to improve, and the internal driving force will continue to strengthen, which will promote the economy to achieve effective improvement in quality and reasonable growth in quantity. Moreover, the financial regulatory reform has made significant strides, which will also create a more stable and healthy financial environment and order.

Next, the Bank will actively implement and promote various policies of the Party and the government, effectively grasp the important opportunities brought by macroeconomic stabilization and recovery, comprehensive promotion of rural revitalization, burst of market vitality and continuous deepening of financial reform, and continue to promote high-quality development in accordance with the principle of "adhering to the orientation, consolidating the foundation, adjusting the structure, improving quality and efficiency, controlling risks and stabilizing growth".

## 2 Development Strategies

The Group's strategic goal is to position itself as a professional financial services provider with unique values and strong competitive abilities in order to build a first-class modern rural commercial bank in the PRC with strong brand value. To achieve its goal, the Group plans to: (i) reinforce advantages in banking services for the "Sannong (三農)" and micro, small and medium-sized enterprises (the "**SMEs**"); (ii) exploit the growth potential of personal financial services to further develop its retail banking business; (iii) develop emerging businesses to promote the transformation of the growth model; (iv) further strengthen the Group's risk management and internal control; and (v) recruit, train, retain and motivate high-quality talent.

## 3 Overall Business Review

The Group recorded a total operating income of RMB2,517.5 million for the six months ended June 30, 2023, representing a decrease of 20.1% as compared to RMB3,151.8 million for the six months ended June 30, 2022. The Group's net profit decreased by 80.4% from RMB653.6 million for the six months ended June 30, 2022 to RMB128.1 million for the six months ended June 30, 2023. The net interest income of the Group decreased by 18.0% from RMB2,947.6 million for the six months ended June 30, 2022 to RMB2,417.1 million for the six months ended June 30, 2023.

## Chapter 4 Management Discussion and Analysis

As at June 30, 2023, the Group's total assets amounted to RMB267,276.7 million, representing an increase of 0.1% as compared with the beginning of the year; net loans and advances to customers amounted to RMB175,234.7 million, representing an increase of 2.7% as compared with the beginning of the year; the non-performing loan ratio was 2.28%, representing an increase of 0.30 percentage point as compared with the beginning of the year; total deposits from customers amounted to RMB233,138.5 million, representing an increase of 2.5% as compared with the beginning of the year.

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2023	2022	Change in amount	Change in percentage (%)
Interest income	6,533.5	6,759.5	(226.0)	(3.3)
Interest expense	(4,116.4)	(3,811.9)	(304.5)	8.0
<b>Net interest income</b>	<b>2,417.1</b>	2,947.6	(530.5)	(18.0)
Fee and commission income	39.4	63.1	(23.7)	(37.6)
Fee and commission expenses	(31.7)	(32.7)	1.0	(3.1)
<b>Net fee and commission income</b>	<b>7.7</b>	30.4	(22.7)	(74.7)
Net trading gains	43.1	65.4	(22.3)	(34.1)
Dividend income	0.9	21.4	(20.5)	(95.8)
Net gains arising from investment securities	80.1	32.3	47.8	148.0
Net exchange gains	2.4	4.9	(2.5)	(51.0)
Other operating (expenses) income, net	(33.8)	49.8	(83.6)	(167.9)
<b>Operating income</b>	<b>2,517.5</b>	3,151.8	(634.3)	(20.1)
Operating expenses	(1,380.2)	(1,322.1)	(58.1)	4.4
Impairment losses on assets	(1,043.9)	(1,048.4)	4.5	(0.4)
<b>Operating profit</b>	<b>93.4</b>	781.3	(687.9)	(88.0)
Share of results of associates	2.4	(6.4)	8.8	(137.5)
<b>Profit before tax</b>	<b>95.8</b>	774.9	(679.1)	(87.6)
Income tax credit (expenses)	32.3	(121.3)	153.6	(126.6)
<b>Profit for the period</b>	<b>128.1</b>	653.6	(525.5)	(80.4)
<b>Profit for the period attributable to:</b>				
– Owners of the Bank	149.3	732.1	(582.8)	(79.6)
– Non-controlling interests	(21.2)	(78.5)	57.3	(73.0)
<b>Profit for the period</b>	<b>128.1</b>	653.6	(525.5)	(80.4)



## Chapter 4 Management Discussion and Analysis

In the first six months of 2023, the Group's operating income was RMB2,517.5 million, representing a year-on-year decrease of 20.1%; profit before tax was RMB95.8 million, representing a year-on-year decrease of 87.6%; profit for the period was RMB128.1 million, representing a year-on-year decrease of 80.4%. It was primarily due to the fact that the Group took the initiative to reduce fees and make concessions to support entities in order to help stabilize growth and better fulfill social responsibilities; several customers suffered from operating difficulties and a decrease in their ability to repay their loans in the short term due to the impact of the epidemic; and the net interest income decreased compared with the corresponding period of the previous year due to the changes in market interest rates combined with the impact of differences in the growth rate of deposits and loans.

### (i) Net interest income

Net interest income was the largest component of the Group's operating income, representing 93.5% and 96.0% of operating income for the six months ended June 30, 2022 and 2023, respectively. The table below sets forth the interest income, interest expenses and net interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2023	2022	Change in amount	Change in percentage (%)
Interest income	6,533.5	6,759.5	(226.0)	(3.3)
Interest expense	(4,116.4)	(3,811.9)	(304.5)	8.0
<b>Net interest income</b>	<b>2,417.1</b>	<b>2,947.6</b>	<b>(530.5)</b>	<b>(18.0)</b>

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

## Chapter 4 Management Discussion and Analysis

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
<b>Interest-earning assets</b>						
Loans and advances to customers	178,191.6	5,458.5	6.13	171,652.8	5,757.1	6.71
Investment securities and other financial assets <sup>(1)</sup>	35,328.7	646.0	3.66	32,122.2	664.3	4.14
Deposits with banks	17,716.0	127.8	1.44	13,791.7	95.1	1.38
Financial assets held under resale agreements	15,447.3	171.2	2.22	10,398.1	115.0	2.21
Deposits with the central bank <sup>(2)</sup>	16,968.4	112.2	1.32	17,298.5	110.3	1.28
Placements with banks and other financial institutions	1,028.8	17.8	3.46	936.9	17.7	3.78
<b>Total interest-earning assets</b>	<b>264,680.8</b>	<b>6,533.5</b>	<b>4.94</b>	<b>246,200.2</b>	<b>6,759.5</b>	<b>5.49</b>

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
<b>Interest-bearing liabilities</b>						
Deposits from customers	235,227.2	3,829.0	3.26	215,492.5	3,445.6	3.20
Financial assets sold under repurchase agreements	9,426.9	75.5	1.60	5,145.2	44.7	1.74
Deposits from banks	2,650.8	38.4	2.90	6,913.2	113.8	3.29
Debt securities issued <sup>(3)</sup>	4,821.2	102.9	4.27	6,110.0	142.0	4.65
Placements from banks	2,023.9	28.9	2.86	1,569.1	22.3	2.84
Borrowing from the central bank	3,107.4	32.8	2.11	2,896.3	31.9	2.20
Lease liabilities	405.9	8.9	4.39	479.8	11.6	4.84
<b>Total interest-bearing liabilities</b>	<b>257,663.3</b>	<b>4,116.4</b>	<b>3.20</b>	<b>238,606.1</b>	<b>3,811.9</b>	<b>3.20</b>
<b>Net interest income</b>		<b>2,417.1</b>			<b>2,947.6</b>	
<b>Net interest spread<sup>(4)</sup></b>			<b>1.74</b>			<b>2.29</b>
<b>Net interest margin<sup>(5)</sup></b>			<b>1.83</b>			<b>2.39</b>

Notes:

- (1) Investment securities and other financial assets include the investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost.
- (2) Primarily consist of statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.
- (3) Primarily consist of tier-two capital bonds and interbank certificates.
- (4) Represents the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).

## Chapter 4 Management Discussion and Analysis

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2023 vs 2022		
	Volume <sup>(1)</sup>	Interest rate <sup>(2)</sup>	Net increase/ (decrease) <sup>(3)</sup>
<b>Interest-earning Assets</b>			
Loans and advances to customers	200.3	(498.9)	(298.6)
Investment securities and other financial assets	58.6	(76.9)	(18.3)
Deposits with banks	28.3	4.4	32.7
Financial assets held under resale agreements	56.0	0.2	56.2
Deposits with the central bank	(2.2)	4.1	1.9
Placements with banks and other financial institutions	1.6	(1.5)	0.1
<b>Changes in interest income</b>	<b>342.6</b>	<b>(568.6)</b>	<b>(226.0)</b>
<b>Interest-bearing Liabilities</b>			
Deposits from customers	321.2	62.2	383.4
Financial assets sold under repurchase agreements	34.3	(3.5)	30.8
Deposits from banks	(61.7)	(13.7)	(75.4)
Debt securities issued	(27.5)	(11.6)	(39.1)
Placements from banks	6.5	0.1	6.6
Borrowing from the central bank	2.2	(1.3)	0.9
Lease liabilities	(1.6)	(1.1)	(2.7)
<b>Changes in interest expense</b>	<b>273.4</b>	<b>31.1</b>	<b>304.5</b>
<b>Changes in net interest income</b>	<b>69.2</b>	<b>(599.7)</b>	<b>(530.5)</b>

Notes:

- (1) Represents the average balance for the period minus the average balance for the previous period, multiplied by the average yield/cost for the period.
- (2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the average balance for the previous period.
- (3) Represents interest income/expense for the period minus interest income/expense for the previous period.

## Chapter 4 Management Discussion and Analysis

### (ii) Interest income

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2023		2022	
	Amount	% of total	Amount	% of total
Loans and advances to customers	5,458.5	83.5	5,757.1	85.2
Investment securities and other financial assets	646.0	9.9	664.3	9.8
Deposits with banks	127.8	2.0	95.1	1.4
Financial assets held under resale agreements	171.2	2.6	115.0	1.7
Deposits with the central bank	112.2	1.7	110.3	1.6
Placements with banks and other financial institutions	17.8	0.3	17.7	0.3
<b>Total</b>	<b>6,533.5</b>	<b>100.0</b>	<b>6,759.5</b>	<b>100.0</b>

The Group's interest income decreased by 3.3% from RMB6,759.5 million for the six months ended June 30, 2022 to RMB6,533.5 million for the six months ended June 30, 2023, and the decrease was primarily due to the decrease in the average yield on interest-earning assets from 5.49% for the six months ended June 30, 2022 to 4.94% for the six months ended June 30, 2023, which was partially offset by the increase in the average balance of interest-earning assets from RMB246,200.2 million for the six months ended June 30, 2022 to RMB264,680.8 million for the six months ended June 30, 2023. The decrease in the average yield on interest-earning assets was primarily due to the decrease in the average yields on loans and advances to customers, investment securities and other financial assets, and placements with banks and other financial institutions, partially offset by the increase in the average yields on deposits with banks, financial assets held under resale agreements, and deposits with the central bank. The increase in the average balance of interest-earning assets was primarily due to the increase in the average balance of loans and advances to customers, investment securities and other financial assets, deposits with banks, financial assets held under resale agreements and placements with banks and other financial institutions, partially offset by the decrease in the average balance of deposits with the central bank.

## Chapter 4 Management Discussion and Analysis

### (A) Interest income from loans and advances to customers

Interest income from loans and advances to customers represented 85.2% and 83.5% of the Group's total interest income for the six months ended June 30, 2022 and 2023, respectively. The table below sets forth the average balance, interest income and average yield of loans and advances to customers by product for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	150,693.7	4,584.2	6.08	144,555.3	4,902.7	6.78
Retail loans	27,426.8	873.6	6.37	27,092.4	854.3	6.31
Discounted bills	71.1	0.7	1.97	5.1	0.1	3.92
<b>Gross loans and advances to customers</b>	<b>178,191.6</b>	<b>5,458.5</b>	<b>6.13</b>	<b>171,652.8</b>	<b>5,757.1</b>	<b>6.71</b>

Interest income from loans and advances to customers constitutes the largest portion of the interest income of the Group, which decreased by 5.2% from RMB5,757.1 million for the six months ended June 30, 2022 to RMB5,458.5 million for the six months ended June 30, 2023. The decrease was primarily due to the decrease in average yield on loans and advances to customers from 6.71% for the six months ended June 30, 2022 to 6.13% for the six months ended June 30, 2023, which was partially offset by the increase in the average balance of such assets from RMB171,652.8 million for the six months ended June 30, 2022 to RMB178,191.6 million for the six months ended June 30, 2023. The decrease in the average yield on such assets was primarily due to that several customers suffered from operating difficulties and a decrease in their ability to repay their loans in the short term due to the impact of the epidemic, as well as the Group's fee reductions and concessions to lower the cost of corporate financing and the year-on-year downward impact of the Loan Prime Rate (LPR). The increase in the average balance of such assets was primarily due to the Group's adherence to its primary responsibility and main business, and the orderly increase in financial supply through measures such as serving rural revitalization, supporting industrial clusters, broadening regional markets, helping enterprises to alleviate and resolve difficulties, and promoting retail transformation.

## Chapter 4 Management Discussion and Analysis

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

Interest income from investment securities and other financial assets decreased by 2.8% from RMB664.3 million for the six months ended June 30, 2022 to RMB646.0 million for the six months ended June 30, 2023. This was primarily due to the decrease in the average yield on investment securities and other financial assets from 4.14% for the six months ended June 30, 2022 to 3.66% for the six months ended June 30, 2023, which was partially offset by the increase in the average balance of such assets from RMB32,122.2 million for the six months ended June 30, 2022 to RMB35,328.7 million for the six months ended June 30, 2023. The decrease in the average yield on such assets was primarily due to changes in the type and maturity structure of investment assets and changes in market interest rates. The increase in the average balance of such assets was primarily due to the reasonable increase in the size of the Group's government bond reserves in accordance with the needs of its business operations, which was partially offset by the decrease in the size of investments in asset management plans, trust plans and funds.

### **(C) Interest income from deposits with banks**

Interest income from deposits with banks increased by 34.4% from RMB95.1 million for the six months ended June 30, 2022 to RMB127.8 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of deposits with banks from RMB13,791.7 million for the six months ended June 30, 2022 to RMB17,716.0 million for the six months ended June 30, 2023 and the increase in the average yield on such assets from 1.38% for the six months ended June 30, 2022 to 1.44% for the six months ended June 30, 2023. The increase in the average balance of such assets was primarily due to the increase in the size of the Group's deposits with banks based on operational needs. The increase in the average yield on such assets was primarily due to changes in the maturity structure of the asset portfolio and changes in market interest rates.

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

Interest income from financial assets held under resale agreements increased by 48.9% from RMB115.0 million for the six months ended June 30, 2022 to RMB171.2 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of financial assets held under resale agreements from RMB10,398.1 million for the six months ended June 30, 2022 to RMB15,447.3 million for the six months ended June 30, 2023 and the increase in the average yield on such assets from 2.21% for the six months ended June 30, 2022 to 2.22% for the six months ended June 30, 2023. The increase in the average balance of such assets was primarily due to the Group's initiative to increase the size of such assets in line with liquidity management needs. The increase in the average yield on such assets was primarily due to the change in market interest rates.

## Chapter 4 Management Discussion and Analysis

### ***(E) Interest income from deposits with the central bank***

Interest income from deposits with the central bank increased by 1.7% from RMB110.3 million for the six months ended June 30, 2022 to RMB112.2 million for the six months ended June 30, 2023. This was primarily due to the increase in the average yield on deposits with the central bank from 1.28% for the six months ended June 30, 2022 to 1.32% for the six months ended June 30, 2023, which was partially offset by the decrease in the average balance of such assets from RMB17,298.5 million for the six months ended June 30, 2022 to RMB16,968.4 million for the six months ended June 30, 2023. The increase in the average yield on such assets was primarily due to changes in the structure of statutory deposit reserves and surplus deposit reserves. The decrease in the average balance of such assets was primarily due to the changes in the statutory deposit reserve ratio.

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

Interest income from placements with banks and other financial institutions increased by 0.6% from RMB17.7 million for the six months ended June 30, 2022 to RMB17.8 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of placements with banks and other financial institutions from RMB936.9 million for the six months ended June 30, 2022 to RMB1,028.8 million for the six months ended June 30, 2023, which was partially offset by a decrease in average yield on such assets from 3.78% for the six months ended June 30, 2022 to 3.46% for the six months ended June 30, 2023. The increase in the average balance of such assets was primarily due to the Group's timely adjustment of the size of such assets in order to balance earnings and liquidity needs. The decrease in the average yield on such assets was primarily due to the change in the maturity structure of the assets.

## Chapter 4 Management Discussion and Analysis

### (iii) Interest expenses

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2023		2022	
	Amount	% of total	Amount	% of total
Deposits from customers	3,829.0	93.0	3,445.6	90.4
Financial assets sold under repurchase agreements	75.5	1.8	44.7	1.2
Deposits from banks	38.4	0.9	113.8	3.0
Debt securities issued	102.9	2.5	142.0	3.7
Placements from banks	28.9	0.7	22.3	0.6
Borrowings from the central bank	32.8	0.9	31.9	0.8
Lease liabilities	8.9	0.2	11.6	0.3
<b>Total</b>	<b>4,116.4</b>	<b>100.0</b>	<b>3,811.9</b>	<b>100.0</b>



## Chapter 4 Management Discussion and Analysis

### (A) Interest expenses on deposits from customers

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			Average balance	2022 Interest income	Average cost (%)
	Average balance	2023 Interest income	Average cost (%)			
<b>Corporate deposits</b>						
Time	8,900.4	116.1	2.61	10,078.8	109.3	2.17
Demand	40,797.6	570.2	2.80	47,201.3	606.2	2.57
<b>Subtotal</b>	<b>49,698.0</b>	<b>686.3</b>	<b>2.76</b>	57,280.1	715.5	2.50
<b>Retail deposits</b>						
Time	169,791.8	3,037.2	3.58	141,910.8	2,616.8	3.69
Demand	15,737.4	105.5	1.34	16,301.6	113.3	1.39
<b>Subtotal</b>	<b>185,529.2</b>	<b>3,142.7</b>	<b>3.39</b>	158,212.4	2,730.1	3.45
<b>Total deposits from customers</b>	<b>235,227.2</b>	<b>3,829.0</b>	<b>3.26</b>	215,492.5	3,445.6	3.20

Interest expenses on deposits from customers increased by 11.1% from RMB3,445.6 million for the six months ended June 30, 2022 to RMB3,829.0 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of deposits from customers from RMB215,492.5 million for the six months ended June 30, 2022 to RMB235,227.2 million for the six months ended June 30, 2023 and the increase in the average cost of such liabilities from 3.20% for the six months ended June 30, 2022 to 3.26% for the six months ended June 30, 2023. The increase in the average balance of such liabilities was primarily due to the Group's focus on the marketing of community finance and industry chain finance, its efforts in resource integration and product mix, and its enhancement of customer acquisition capacity, which resulted in a steady growth in total deposits. The increase in the average cost of such liabilities was primarily due to the change in deposit structure.

## Chapter 4 Management Discussion and Analysis

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

Interest expenses on financial assets sold under repurchase agreements increased by 68.9% from RMB44.7 million for the six months ended June 30, 2022 to RMB75.5 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of financial assets sold under repurchase agreements from RMB5,145.2 million for the six months ended June 30, 2022 to RMB9,426.9 million for the six months ended June 30, 2023, which was partially offset by the decrease in the average cost on such liabilities from 1.74% for the six months ended June 30, 2022 to 1.60% for the six months ended June 30, 2023. The increase in the average balance of such liabilities was primarily due to the Group's initiative to increase the size of such liabilities by rationalizing its liability structure based on operational needs. The decrease in the average cost of such liabilities was primarily due to the changes in market interest rates.

### ***(C) Interest expenses on deposits from banks***

Interest expenses on deposits from banks decreased by 66.3% from RMB113.8 million for the six months ended June 30, 2022 to RMB38.4 million for the six months ended June 30, 2023. This was primarily due to the decrease in the average balance of such liabilities from RMB6,913.2 million for the six months ended June 30, 2022 to RMB2,650.8 million for the six months ended June 30, 2023 and the decrease in the average cost of such liabilities from 3.29% for the six months ended June 30, 2022 to 2.90% for the six months ended June 30, 2023. The decrease in the average balance of such liabilities was primarily due to the Group's initiative to reduce the size of such liabilities by adjusting its liability structure in a timely manner in accordance with changes in market interest rates. The decrease in the average cost of such liabilities was primarily due to the change in the maturity structure.

### ***(D) Interest expenses on debt securities issued***

Interest expenses on debt securities issued decreased by 27.5% from RMB142.0 million for the six months ended June 30, 2022 to RMB102.9 million for the six months ended June 30, 2023. This was primarily due to the decrease in the average balance of debt securities issued from RMB6,110.0 million for the six months ended June 30, 2022 to RMB4,821.2 million for the six months ended June 30, 2023 and the decrease in the average cost of such liabilities from 4.65% for the six months ended June 30, 2022 to 4.27% for the six months ended June 30, 2023. The decrease in the average balance of such liabilities was primarily due to a decrease in the issuance size of bonds and interbank certificates. The decrease in the average cost on such liabilities was primarily due to changes in the bond structure.

## Chapter 4 Management Discussion and Analysis

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

Interest expenses on placements from banks and other financial institutions increased by 29.6% from RMB22.3 million for the six months ended June 30, 2022 to RMB28.9 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of placements from banks and other financial institutions from RMB1,569.1 million for the six months ended June 30, 2022 to RMB2,023.9 million for the six months ended June 30, 2023, and the increase in the average cost of such liabilities from 2.84% for the six months ended June 30, 2022 to 2.86% for the six months ended June 30, 2023. The increase in the average balance of such liabilities was primarily due to the Group's initiative to increase the size of such liabilities by rationalizing its liability structure based on operational needs. The increase in the average cost on such liabilities was primarily due to changes in market interest rates.

### ***(F) Interest expenses on borrowings from the central bank***

The interest expenses on borrowings from the central bank increased by 2.8% from RMB31.9 million for the six months ended June 30, 2022 to RMB32.8 million for the six months ended June 30, 2023. This was primarily due to the increase in the average balance of borrowings from the central bank from RMB2,896.3 million for the six months ended June 30, 2022 to RMB3,107.4 million for the six months ended June 30, 2023, which was partially offset by a decrease in the average cost of such liabilities from 2.20% for the six months ended June 30, 2022 to 2.11% for the six months ended June 30, 2023. The increase in the average balance of such liabilities primarily reflected the Group's initiative to increase the scale of special central bank borrowings in order to fully implement the policy of supporting agriculture and SMEs' development. The decrease in the average cost on such liabilities was primarily due to changes in market interest rates.

### **(iv) Net interest spread and net interest margin**

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

## Chapter 4 Management Discussion and Analysis

Net interest spread decreased by 0.55 percentage point from 2.29% for the six months ended June 30, 2022 to 1.74% for the six months ended June 30, 2023. Net interest margin decreased by 0.56 percentage point from 2.39% for the six months ended June 30, 2022 to 1.83% for the six months ended June 30, 2023. This was primarily due to a decrease of 0.55 percentage point in the average yield on interest-earning assets compared with the same period of the previous year and the average cost of interest-bearing liabilities was flat compared with the same period of the previous year. The decrease in the average yield on interest-earning assets was primarily due to the decline in the repayment ability of some customers due to the impact of the epidemic, the decrease in the average yields on loans and advances to customers, and the decrease in the average yield on investment securities and other financial assets, and placements with banks and other financial institutions due to the impact of changes in the maturity structure of assets and changes in market interest rates, which was partially offset by the increase in the average yields on deposits with banks, financial assets held under resale agreements, and deposits with the central bank.

### (v) Non-interest income

#### (A) Net fee and commission income

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in amount	Change in percentage (%)
	2023	2022		
<b>Fee and commission income</b>				
Advisory fees	13.2	16.5	(3.3)	(20.0)
Syndicated loan service fees	–	7.8	(7.8)	(100.0)
Settlement and clearing fees	11.4	10.6	0.8	7.5
Agency services fees	6.1	5.1	1.0	19.6
Wealth management service fees	5.1	20.4	(15.3)	(75.0)
Bank card service fees	1.0	1.2	(0.2)	(16.7)
Others <sup>(1)</sup>	2.6	1.5	1.1	73.3
<b>Subtotal</b>	<b>39.4</b>	63.1	(23.7)	(37.6)
<b>Fee and commission expense</b>	<b>(31.7)</b>	(32.7)	1.0	(3.1)
<b>Net fee and commission income</b>	<b>7.7</b>	30.4	(22.7)	(74.7)

Note:

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

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Net fee and commission income decreased by 74.7% from RMB30.4 million for the six months ended June 30, 2022 to RMB7.7 million for the six months ended June 30, 2023. This was primarily due to the decrease in advisory fees income, fee income from syndicated loan business, fee income from wealth management, and fee income from bank card service, which was partially offset by the increase in settlement and clearing fees income, agency service fees income, and other fee income.

Advisory fees income decreased by 20.0% from RMB16.5 million for the six months ended June 30, 2022 to RMB13.2 million for the six months ended June 30, 2023, which was primarily due to the decrease in consultancy services provided by the Group to customers.

Income from syndicated loan service decreased by 100.0% from RMB7.8 million for the six months ended June 30, 2022 to RMB nil for the six months ended June 30, 2023, mainly due to the decreased volume of syndicated loan business.

Settlement and clearing fees income increased by 7.5% from RMB10.6 million for the six months ended June 30, 2022 to RMB11.4 million for the six months ended June 30, 2023, mainly due to the increase in the volume of settlement business.

Agency service fees income increased by 19.6% from RMB5.1 million for the six months ended June 30, 2022 to RMB6.1 million for the six months ended June 30, 2023, mainly due to the increase in the volume of agency service.

Wealth management service fees income decreased by 75.0% from RMB20.4 million for the six months ended June 30, 2022 to RMB5.1 million for the six months ended June 30, 2023, mainly due to the decrease in the scale of issuance of wealth management products.

Bank card service fees income decreased by 16.7% from RMB1.2 million for the six months ended June 30, 2022 to RMB1.0 million for the six months ended June 30, 2023, mainly due to the decrease in the amount of bank card transactions.

Fee and commission expenses mainly included fees paid to third parties for settlement, clearing and agency services. Fee and commission expenses decreased by 3.1% from RMB32.7 million for the six months ended June 30, 2022 to RMB31.7 million for the six months ended June 30, 2023, which was mainly due to the decrease in settlement and clearing fee expenses.

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### **(B) Net gains arising from investment securities**

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

Net gains arising from investment securities increased by 148.0% from RMB32.3 million for the six months ended June 30, 2022 to RMB80.1 million for the six months ended June 30, 2023. This was mainly due to the timely disposal of bond assets held by the Group in accordance with the Group's asset portfolio investment strategy and operational needs.

### **(C) Dividend income**

Dividend income decreased by 95.8% from RMB21.4 million for the six months ended June 30, 2022 to RMB0.9 million for the six months ended June 30, 2023. This was mainly due to the decreased dividend payment from holding companies.

### **(D) Net trading gains**

Net trading gains decreased by 34.1% from RMB65.4 million for the six months ended June 30, 2022 to RMB43.1 million for the six months ended June 30, 2023, mainly due to the decrease in interest income from trading financial assets as a result of changes in size and interest rates, which was partially offset by the increase in the fair value of trading financial assets.

### **(E) Net exchange gains**

Net exchange gains mainly included net gains arising out of foreign exchange settlement and foreign exchange transactions. Net exchange gains decreased by 51.0% from RMB4.9 million for the six months ended June 30, 2022 to RMB2.4 million for the six months ended June 30, 2023, primarily due to the decrease in foreign exchange trading income and the impact of foreign exchange rate fluctuations.

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### (F) Other operating (expenses) income, net

Other operating (expenses) income, net mainly included non-recurring income such as government subsidies and insurance claim, net of non-recurring expenses such as charitable donation. Other operating (expenses) income, net decreased by 167.9% from RMB49.8 million for the six months ended June 30, 2022 to RMB(33.8) million for the six months ended June 30, 2023, which was mainly due to the decrease in gains on central bank interest rate swaps, net gains on the disposal of property and equipment, as well as the increase in deposit insurance premium expense.

### (vi) Operating expenses

Operating expenses increased by 4.4% from RMB1,322.1 million for the six months ended June 30, 2022 to RMB1,380.2 million for the six months ended June 30, 2023. The increase was primarily due to the increase in staff costs, general management and administrative expenses and taxes and surcharges, partially offset by the decrease in property and equipment expenses.

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in amount	Change in percentage (%)
	2023	2022		
Staff costs	921.6	847.1	74.5	8.8
Property and equipment expenses	253.5	283.4	(29.9)	(10.6)
General management and administrative expenses	163.6	150.4	13.2	8.8
Taxes and surcharges	41.5	41.2	0.3	0.7
<b>Total</b>	<b>1,380.2</b>	<b>1,322.1</b>	<b>58.1</b>	<b>4.4</b>

## Chapter 4 Management Discussion and Analysis

### (A) Staff costs

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in amount	Change in percentage (%)
	2023	2022		
Salaries and bonuses	640.3	589.1	51.2	8.7
Social insurance	151.3	137.9	13.4	9.7
Staff welfares	51.7	49.9	1.8	3.6
Housing allowances	65.4	59.6	5.8	9.7
Labor union and staff education expenses	12.9	10.6	2.3	21.7
<b>Total staff costs</b>	<b>921.6</b>	<b>847.1</b>	<b>74.5</b>	<b>8.8</b>

Staff costs increased by 8.8% from RMB847.1 million for the six months ended June 30, 2022 to RMB921.6 million for the six months ended June 30, 2023. The increase in staff costs was primarily due to the increase in salaries and bonuses and a corresponding increase in social insurance.

### (B) Property and equipment expenses

Property and equipment expenses decreased by 10.6% from RMB283.4 million for the six months ended June 30, 2022 to RMB253.5 million for the six months ended June 30, 2023. The decrease in property and equipment expenses was mainly due to the depreciation period of some of the Group's owned properties.

### (C) General management and administrative expenses

General management and administrative expenses mainly included business promotion fees, transportation fee in relation to the delivery of cash, repair expenses and others. General management and administrative expenses increased by 8.8% from RMB150.4 million for the six months ended June 30, 2022 to RMB163.6 million for the six months ended June 30, 2023. The increase in general management and administrative expenses was mainly due to the fact that some outlets were not open for business in the same period last year due to the pandemic and a lower base for general management and administration expenses.



## Chapter 4 Management Discussion and Analysis

### (D) Taxes and surcharges

Taxes and surcharges increased by 0.7% from RMB41.2 million for the six months ended June 30, 2022 to RMB41.5 million for the six months ended June 30, 2023. The increase in taxes and surcharges was primarily due to the increase in VAT resulting in a corresponding increase in such expense.

### (vii) Impairment losses on assets

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in amount	Change in percentage (%)
	2023	2022		
Loans and advances to customers	805.8	938.8	(133.0)	(14.2)
Financial assets at fair value through other comprehensive income	(0.1)	0.2	(0.3)	(150.0)
Financial assets at amortized cost	230.2	92.8	137.4	148.1
Deposits with banks	(1.1)	(1.0)	(0.1)	10.0
Placement with banks and other financial institutions	(0.1)	0.3	(0.4)	(133.3)
Other receivables, prepayment and repossessed assets	8.4	5.2	3.2	61.5
Credit commitments and financial guarantees	(0.5)	8.8	(9.3)	(105.7)
Interest receivable	1.3	3.3	(2.0)	(60.6)
<b>Total</b>	<b>1,043.9</b>	<b>1,048.4</b>	<b>(4.5)</b>	<b>(0.4)</b>

Impairment losses on assets decreased by 0.4% from RMB1,048.4 million for the six months ended June 30, 2022 to RMB1,043.9 million for the six months ended June 30, 2023, mainly due to the Group's enhancement of the refined risk management assessment in response to the changes in external market environment, the decrease in impairment losses on assets for loans and advances to customers, financial assets at fair value through other comprehensive income, deposits with banks, placements with banks and other financial institutions, credit commitments and financial guarantees, and interest receivable, but partially offset by the increase in impairment losses on assets for financial assets at amortized cost and other receivables, prepayment and repossessed assets.

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### (viii) Income tax credit (expenses)

Income tax credit (expenses) decreased by 126.6% from RMB(121.3) million for the six months ended June 30, 2022 to RMB32.3 million for the six months ended June 30, 2023. The decrease in income tax expense was primarily due to the lower operating profit.

### (b) Analysis of the Consolidated Statement of Financial Position

#### (i) Assets

As of June 30, 2023 and December 31, 2022, the Group's total assets amounted to RMB267,276.7 million and RMB267,000.7 million, respectively. Major components of total assets include (i) loans and advances to customers; (ii) investment securities and other financial assets; (iii) cash and deposits with the central bank; (iv) deposits with banks; and (v) financial assets held under resale agreements. The table below sets forth the components of total assets as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
<b>Assets</b>				
Gross loans and advances to customers	179,208.3	67.1	172,029.4	64.4
Accrued interest for loans and advances to customers	2,155.3	0.8	3,927.5	1.5
Provision for impairment losses	(6,128.9)	(2.3)	(5,359.5)	(2.0)
Loans and advances to customers, net	175,234.7	65.6	170,597.4	63.9
Investment securities and other financial assets <sup>(1)</sup>	35,489.2	13.3	33,726.6	12.6
Cash and deposits with the central bank	25,535.9	9.6	34,642.8	13.0
Deposits with banks	13,299.3	5.0	11,092.3	4.1
Placements with banks and other financial institutions	–	–	425.2	0.2
Financial assets held under resale agreements	10,286.5	3.8	9,570.5	3.6
Other assets <sup>(2)</sup>	7,431.1	2.7	6,945.9	2.6
<b>Total assets</b>	<b>267,276.7</b>	<b>100.0</b>	267,000.7	100.0

Notes:

- (1) Include financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- (2) Primarily consist of property and equipment, goodwill, other receivables and prepayments, interest receivable, deferred tax assets, repossessed assets, interests in associates, right-of-use assets and tax receivable.

## Chapter 4 Management Discussion and Analysis

### (A) Loans and advances to customers

As of June 30, 2023, the Group's gross loans and advances to customers was RMB179,208.3 million, representing an increase of 4.2% as compared to December 31, 2022. Net loans and advances to customers accounted for 65.6% of the Group's total assets, representing an increase of 1.7 percentage points as compared to December 31, 2022.

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Corporate loan and advances				
– Loan	149,045.2	83.2	142,112.5	82.6
– Finance leases loan	2,648.5	1.5	2,932.1	1.7
Retail loans	27,514.0	15.3	26,984.8	15.7
Discounted bills	0.6	0.0	–	–
<b>Gross loans and advances to customers</b>	<b>179,208.3</b>	<b>100.0</b>	172,029.4	100.0

Loans and advances to customers are the largest component of total assets. The Group offers a variety of loan products, substantially all of which are denominated in Renminbi. Loans and advances to customers, net of provision for impairment losses, represented 64.8% and 62.4% of total assets as of June 30, 2023 and December 31, 2022, respectively.

The Group's corporate loans increased by 4.6% from RMB145,044.6 million as of December 31, 2022 to RMB151,693.7 million as of June 30, 2023, primarily due to the fact that the Group closely followed the national policy direction, based on regional development, continuously broadened its service areas under the premise of effective risk prevention, increased its support for the real economy, satisfied the effective credit needs of the Company's loan customers and increased the scale of credit investment.

The Group's retail loans mainly comprise of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. The Group's retail loans increased by 2.0% from RMB26,984.8 million as of December 31, 2022 to RMB27,514.0 million as of June 30, 2023, primarily due to the Group's comprehensive acceleration of the transformation and development of its retail business based on the retail digitalization system, which facilitated a steady growth in the scale of retail loans.

## Chapter 4 Management Discussion and Analysis

### Loans by Collateral

Collateralized loans, pledged loans and guaranteed loans in the aggregate represented 97.8% and 97.8% of gross loans and advances to customers as of June 30, 2023 and December 31, 2022, respectively. If a loan is secured by more than one form of collateral, the classification is based on the primary form of collateral. The table below sets forth loans and advances to customers by the type of collateral as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Collateralized loans	68,790.6	38.4	68,575.0	39.8
Pledged loans	13,980.4	7.8	16,286.6	9.5
Guaranteed loans	92,477.7	51.6	83,425.1	48.5
Unsecured loans	3,959.6	2.2	3,742.7	2.2
<b>Gross loans and advances to customers</b>	<b>179,208.3</b>	<b>100.0</b>	172,029.4	100.0

Collateralized loans and pledged loans as a percentage of total loans and advances to customers was 49.3% as of December 31, 2022 and 46.2% as of June 30, 2023, respectively.

The Group has adopted more stringent credit assessment criteria for extending guaranteed loans. Corporate loans are generally guaranteed by listed companies or guarantee companies. The Bank and each subsidiary bank consider the size, credit history and risk-resistance level of a guarantee company to decide whether or not to accept its guarantees. Guaranteed loans as a percentage of gross loans and advances to customers was 48.5% as of December 31, 2022 and 51.6% as of June 30, 2023.

The Bank and each subsidiary bank extend unsecured loans to customers with relatively high credit ratings based on their internal credit risk rating system. As of December 31, 2022 and June 30, 2023, unsecured loans represented 2.2% and 2.2% of gross loans and advances to customers.

## Chapter 4 Management Discussion and Analysis

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

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of June 30, 2023</b>	As of December 31, 2022
As at the beginning of the period/year	5,359.5	4,628.1
Charge for the period/year	784.9	1,082.1
Reverse for the period/year	20.9	46.6
Amounts written off as uncollectible	(37.8)	(130.7)
Recoveries of loans and advances previously written off	1.4	10.3
Changes arising from consolidation	-	(276.9)
<b>As of June 30/December 31</b>	<b>6,128.9</b>	5,359.5

Provision for impairment losses on loans and advances to customers increased by 14.4% from RMB5,359.5 million as of December 31, 2022 to RMB6,128.9 million as of June 30, 2023, which mainly reflected the provision for impairment on loans by the Group based on changes in the size of loans and advances to customers and the degree of potential risks.

#### **(B) Investment securities and other financial assets**

As of June 30, 2023 and December 31, 2022, the Group had investment securities and other financial assets of RMB35,489.2 million and RMB33,726.6 million, respectively, representing 13.3% and 12.6% of its total assets, respectively.

## Chapter 4 Management Discussion and Analysis

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
<b>Debt securities investments</b>				
Financial assets at fair value through other comprehensive income	10,143.0	28.6	3,839.9	11.4
Financial assets at amortized cost	13,476.5	38.0	16,766.8	49.7
<b>Subtotal</b>	<b>23,619.5</b>	<b>66.6</b>	20,606.7	61.1
<b>Asset management plans and trust plans</b>				
Asset management plans	3,396.5	9.6	3,696.3	11.0
Trust plans	5,565.3	15.7	5,575.5	16.5
<b>Subtotal</b>	<b>8,961.8</b>	<b>25.3</b>	9,271.8	27.5
<b>Funds</b>	–	–	1,003.0	3.0
<b>Subtotal</b>	–	–	1,003.0	3.0
<b>T+0 clearing and advances</b>	0.0	0.0	0.0	0.0
<b>Subtotal</b>	0.0	0.0	0.0	0.0
<b>Equity investments</b>				
Financial assets at fair value through other comprehensive income	136.7	0.4	141.3	0.4
Financial assets at fair value through profit or loss	825.4	2.3	906.1	2.7
<b>Subtotal</b>	<b>962.1</b>	<b>2.7</b>	1,047.4	3.1
<b>Accrued interest</b>	<b>1,945.8</b>	<b>5.4</b>	1,797.7	5.3
<b>Total investment securities and other financial assets, net</b>	<b>35,489.2</b>	<b>100.0</b>	33,726.6	100.0

## Chapter 4 Management Discussion and Analysis

Investment securities and other financial assets increased by 5.2% from RMB33,726.6 million as of December 31, 2022 to RMB35,489.2 million as of June 30, 2023. The increase in investment securities and other financial assets was primarily due to the Group's timely adjustment of its investment strategy and increase in bond investments in accordance with the liquidity adequacy situation and market changes, taking into account the actual operating conditions, which was partially offset by the decrease in asset management plans, trust plans and funds investments.

### (ii) Liabilities

As of June 30, 2023 and December 31, 2022, total liabilities amounted to RMB248,488.0 million and RMB248,381.4 million, respectively. Major components of liabilities include (i) deposits from customers; (ii) debt securities issued; (iii) deposits from banks; (iv) placements from banks; (v) borrowing from the central bank; and (vi) financial assets sold under repurchase agreements. The table below sets forth the components of total liabilities as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Deposits from customers	238,036.0	95.8	232,291.9	93.5
Debt securities issued	3,390.1	1.4	5,351.2	2.2
Deposits from banks	1,905.0	0.8	3,471.6	1.4
Placements from banks	1,553.9	0.6	2,052.8	0.8
Borrowing from the central bank	2,129.4	0.9	3,679.8	1.5
Financial assets sold under repurchase agreements	240.1	0.1	50.0	0.0
Other liabilities <sup>(1)</sup>	1,233.5	0.4	1,484.1	0.6
<b>Total liabilities</b>	<b>248,488.0</b>	<b>100.0</b>	248,381.4	100.0

Note:

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

## Chapter 4 Management Discussion and Analysis

### (A) Deposits from customers

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
<b>Corporate deposits</b>				
Demand deposits	32,504.6	13.7	42,187.6	18.2
Time deposits	7,441.3	3.1	8,658.8	3.7
<b>Subtotal</b>	<b>39,945.9</b>	<b>16.8</b>	50,846.4	21.9
<b>Retail deposits</b>				
Demand deposits	15,649.9	6.6	15,817.8	6.8
Time deposits	174,725.7	73.4	157,255.3	67.7
<b>Subtotal</b>	<b>190,375.6</b>	<b>80.0</b>	173,073.1	74.5
<b>Others<sup>(1)</sup></b>	<b>2,817.0</b>	<b>1.2</b>	3,425.6	1.5
<b>Total deposits from customers</b>	<b>233,138.5</b>	<b>98.0</b>	227,345.1	97.9
<b>Accrued interest</b>	<b>4,897.5</b>	<b>2.0</b>	4,946.8	2.1
<b>Total deposits from customers</b>	<b>238,036.0</b>	<b>100.0</b>	232,291.9	100.0

Note:

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

Total deposits from customers increased by 2.5% from RMB227,345.1 million as of December 31, 2022 to RMB233,138.5 million as of June 30, 2023. This was primarily due to the fact that the Group took community finance construction as the core, actively integrated into industrial chain finance and rural revitalization construction, accelerated the transformation and upgrading of business outlets and digital construction, provided comprehensive services for customers, and continuously enhanced customer acquisition capability which drove steady growth in deposits.



## Chapter 4 Management Discussion and Analysis

### (B) Debts securities issued

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

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

From January 1, 2022 to December 31, 2022, the Bank had issued five tranches of zero-coupon interbank certificates, with an aggregate face value of RMB2,500.0 million. The interbank certificates have a term of one year and bear interest at effective rates between 2.85% and 3.50%.

From January 1, 2023 to June 30, 2023, the Bank had issued one tranche of zero-coupon interbank certificate, with an aggregate face value of RMB500.0 million. The interbank certificate has a term of one year and bear interest at effective rate of 2.85%.

### (iii) Shareholders' equity

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Share capital	5,074.2	27.0	5,074.2	27.2
Capital reserve	4,256.8	22.7	4,256.8	22.9
Investment revaluation reserve	81.6	0.4	56.6	0.3
Surplus reserve	1,223.8	6.5	1,223.8	6.6
General reserve	2,636.7	14.0	2,636.7	14.1
Retained earnings	2,789.1	14.9	2,639.9	14.2
Non-controlling interests	2,726.5	14.5	2,731.3	14.7
<b>Total equity</b>	<b>18,788.7</b>	<b>100.0</b>	18,619.3	100.0

## Chapter 4 Management Discussion and Analysis

### (c) Assets Quality Analysis

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

The non-performing loans of the Group are classified as substandard, doubtful and loss. As of June 30, 2023, the Group's non-performing loans amounted to RMB4,080.9 million. The following table sets forth loans and advances to customers by loan classification as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Normal	163,247.4	91.1	163,090.3	94.8
Special mention	11,880.0	6.6	5,533.9	3.2
Substandard	907.7	0.5	246.2	0.1
Doubtful	3,011.3	1.7	3,080.8	1.9
Loss	161.9	0.1	78.2	0.0
<b>Gross loans and advances to customers</b>	<b>179,208.3</b>	<b>100.0</b>	172,029.4	100.0
<b>Non-performing loan and non-performing loan ratio<sup>(1)</sup></b>	<b>4,080.9</b>	<b>2.28</b>	3,405.2	1.98

Note:

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

The non-performing loan ratio of the Group increased by 0.30 percentage point as of June 30, 2023 compared with that as of December 31, 2022, which was primarily due to the fact that the recovery of production and operation of enterprises in the region did not meet expectations, and some corporate loan customers experienced difficulties in operation with insufficient cash flow and reduced debt repayment capacity; the debt-servicing capacity of some personal loan customers was weakened as a result of macroeconomic downturn, industrial structure adjustment and other factors.

## Chapter 4 Management Discussion and Analysis

### (ii) Concentration of loans

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

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023				As of December 31, 2022			
	Loan amount	% of total	Non- performing loan amount	Non- performing loan ratio <sup>(1)</sup> (%)	Loan amount	% of total	Non- performing loan amount	Non- performing loan ratio (%)
<b>Corporate loans</b>								
Wholesale and retail	32,644.5	18.2	447.6	1.37	31,291.3	18.2	402.7	1.29
Leasing and business services	26,050.1	14.6	200.3	0.77	25,772.5	15.0	246.0	0.95
Manufacturing	18,300.7	10.2	570.3	3.12	16,332.8	9.5	137.5	0.84
Construction	17,653.3	9.9	656.1	3.72	16,518.1	9.6	674.0	4.08
Agriculture, forestry, animal husbandry and fishery	14,054.1	7.9	256.8	1.83	12,658.0	7.4	253.2	2.00
Real estate	9,339.0	5.2	163.6	1.75	9,550.1	5.6	118.6	1.24
Transportation, storage and postal services	8,646.4	4.8	64.9	0.75	8,499.2	4.9	63.5	0.75
Scientific research, technical services and geological prospecting	7,066.5	4.0	32.6	0.46	6,098.4	3.5	25.3	0.41
Information transmission, computer services and software	4,500.7	2.5	54.4	1.21	4,077.6	2.4	44.3	1.09
Water, environment and public facility management	3,651.7	2.0	61.9	1.70	3,583.3	2.1	61.9	1.73
Accommodation and catering	2,891.3	1.6	21.0	0.73	3,016.9	1.7	19.0	0.63
Education	1,929.7	1.1	-	-	1,848.2	1.1	-	-
Electricity, gas and water production and supply	1,631.3	0.9	73.4	4.50	2,763.6	1.6	92.1	3.33
Health and social services	1,472.6	0.8	0.5	0.03	1,384.0	0.8	-	-
Other industries <sup>(2)</sup>	1,861.8	1.0	109.7	5.89	1,650.6	0.9	90.0	5.45
<b>Retail loans</b>	<b>27,514.0</b>	<b>15.3</b>	<b>1,367.8</b>	<b>4.97</b>	<b>26,984.8</b>	<b>15.7</b>	<b>1,177.1</b>	<b>4.36</b>
<b>Discounted bills</b>	<b>0.6</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>179,208.3</b>	<b>100.0</b>	<b>4,080.9</b>	<b>2.28</b>	<b>172,029.4</b>	<b>100.0</b>	<b>3,405.2</b>	<b>1.98</b>

Notes:

- (1) Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.
- (2) Other industries include resident and other services, cultural, sports and entertainment, mining, public administration, social security and social organizations and finance.

## Chapter 4 Management Discussion and Analysis

Loans to borrowers in wholesale and retail, leasing and business services, construction, manufacturing, agriculture, forestry, animal husbandry and fishery represented the largest components of the Group's corporate loan portfolio. Loans to these industries accounted for 71.7% and 70.7% of total corporate loans as of June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023, the non-performing loans of the Group's corporate loans were mainly concentrated in manufacturing, construction, wholesale and retail. The non-performing loans amounted to RMB656.1 million, RMB570.3 million and RMB447.6 million, respectively.

### (B) Borrower concentration

#### Loans to the 10 Largest Single Borrowers

The table below sets forth the balance of loans to the 10 largest single borrowers (excluding group borrowers) (on a consolidated or group basis) as of June 30, 2023, and such loans were classified as normal.

(Expressed in millions of RMB, unless otherwise stated) Customer	Industry	As of June 30, 2023	
		Amount	% of total
Borrower A	Leasing and business services	1,100.0	0.61
Borrower B	Real estate	1,059.8	0.59
Borrower C	Accommodation and catering	1,000.0	0.56
Borrower D	Leasing and business services	996.0	0.56
Borrower E	Transportation, storage and postal services	965.0	0.54
Borrower F	Water, environment and public facility management	942.6	0.53
Borrower G	Transportation, storage and postal services	879.1	0.49
Borrower H	Manufacturing	852.7	0.48
Borrower I	Leasing and business services	850.0	0.47
Borrower J	Leasing and business services	844.2	0.47
<b>Total</b>		<b>9,489.4</b>	<b>5.30</b>

## Chapter 4 Management Discussion and Analysis

### (C) Distribution of non-performing loans by business type

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023			As of December 31, 2022		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans</b>						
Small and micro enterprises <sup>(1)</sup>	109,240.5	1,864.4	1.71	105,398.1	1,864.8	1.77
Medium enterprises <sup>(1)</sup>	28,023.0	757.8	2.70	26,431.8	288.5	1.09
Large enterprises <sup>(1)</sup>	14,427.5	88.2	0.61	13,172.0	74.8	0.57
Others <sup>(2)</sup>	2.7	2.7	100.0	42.7	-	-
<b>Subtotal</b>	<b>151,693.7</b>	<b>2,713.1</b>	<b>1.79</b>	<b>145,044.6</b>	<b>2,228.1</b>	<b>1.54</b>
<b>Retail loans</b>						
Personal business loans	20,764.5	1,185.8	5.71	20,432.9	1,022.6	5.00
Personal consumption loans	3,425.8	149.6	4.37	3,114.8	125.2	4.02
Residential and commercial mortgage loans	3,308.5	31.5	0.95	3,419.5	28.3	0.83
Credit card overdrafts	15.2	0.9	5.92	17.6	1.0	5.68
<b>Subtotal</b>	<b>27,514.0</b>	<b>1,367.8</b>	<b>4.97</b>	<b>26,984.8</b>	<b>1,177.1</b>	<b>4.36</b>
<b>Discounted bills</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans</b>	<b>179,208.3</b>	<b>4,080.9</b>	<b>2.28</b>	<b>172,029.4</b>	<b>3,405.2</b>	<b>1.98</b>

Notes:

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

## Chapter 4 Management Discussion and Analysis

The non-performing loan ratio of corporate loans increased from 1.54% as of December 31, 2022 to 1.79% as of June 30, 2023, primarily due to the fact that the recovery of production and operation of enterprises in the region did not meet expectations, and some corporate loan customers experienced difficulties in operation with insufficient cash flow and reduced debt repayment capacity as a result of macroeconomic downturn, industrial structure adjustment and other factors.

The non-performing loan ratio of retail loans increased from 4.36% as of December 31, 2022 to 4.97% as of June 30, 2023, primarily due to the fact that the debt-servicing capacity of some personal loan customers was weakened as a result of macroeconomic downturn and other factors.

### (D) Loan aging schedule

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
<b>Loans not overdue</b>	<b>152,375.5</b>	<b>85.0</b>	166,632.0	96.8
<b>Loans past due for:</b>				
1 to 90 days	19,553.5	10.9	1,852.6	1.1
91 days to 1 year	3,981.4	2.2	696.4	0.4
1 to 3 years	2,124.5	1.2	1,847.5	1.1
3 years or more	1,173.4	0.7	1,000.9	0.6
<b>Subtotal</b>	<b>26,832.8</b>	<b>15.0</b>	5,397.4	3.2
<b>Gross loans and advances to customers</b>	<b>179,208.3</b>	<b>100.0</b>	172,029.4	100.0

## Chapter 4 Management Discussion and Analysis

### (d) Segment Information

#### (i) Summary of geographical segment information

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		2022	
	2023 Amount	% of total	Amount	% of total
Jilin Province	2,093.9	83.2	2,705.2	85.8
Other regions <sup>(1)</sup>	423.6	16.8	446.6	14.2
<b>Total operating income</b>	<b>2,517.5</b>	<b>100.0</b>	3,151.8	100.0

Note:

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

#### (ii) Summary of business segments

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

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		2022	
	2023 Amount	% of total	Amount	% of total
Corporate banking	1,664.3	66.1	2,051.8	65.1
Retail banking	1,308.0	52.0	1,444.3	45.8
Treasury operations	(424.3)	(16.9)	(420.4)	(13.3)
Others <sup>(1)</sup>	(30.5)	(1.2)	76.1	2.4
<b>Total</b>	<b>2,517.5</b>	<b>100.0</b>	3,151.8	100.0

Note:

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

## Chapter 4 Management Discussion and Analysis

### (e) Off-balance Sheet Commitments

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023	As of December 31, 2022
<b>Credit commitments</b>		
Bank acceptances <sup>(1)</sup>	1,889.7	2,410.5
Letters of credit <sup>(2)</sup>	4.0	3.7
Letters of guarantee <sup>(2)</sup>	3,782.5	4,411.5
Unused credit card limits	164.2	162.1
<b>Subtotal</b>	<b>5,840.4</b>	6,987.8
<b>Capital commitments</b>	<b>5.3</b>	7.2
<b>Total</b>	<b>5,845.7</b>	6,995.0

Notes:

- (1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on its customers.
- (2) The Group issues letters of credit and guarantee to third parties to guarantee its customers' contractual obligations.

Off-balance sheet commitments decreased by 16.4% from RMB6,995.0 million as of December 31, 2022 to RMB5,845.7 million as of June 30, 2023. The decrease in off-balance sheet commitments was mainly due to the Group's moderate reduction in off-balance sheet business based on operational needs.



## Chapter 4 Management Discussion and Analysis

### 4 Business Review

#### (a) Corporate Banking

The Group offers corporate customers a broad range of financial products and services, including loans, bill discounting, deposits and fee- and commission-based products and services. The Group's corporate customers primarily include state-owned enterprises, private enterprises, foreign-invested enterprises, government authorities, financial institutions, public services institutions and non-profit organizations. As of June 30, 2023, the Group had approximately 4,634 corporate borrowers with loans totalling RMB151,694.3 million. For the six months ended June 30, 2022 and 2023, operating income from the Group's corporate banking business accounted for 65.1% and 66.1% of total operating income, respectively.

The Group seeks to grow with its corporate customers, especially SMEs with strong growth potential, and the Group focuses on developing long-term customer relationships. As of June 30, 2023, the Group had 3,414 SME customers with loans totalling RMB117,566.9 million. The Group also collaborates with financial institutions, such as securities companies, fund companies, trust companies, insurance companies, private equity funds and financial leasing companies, to provide one-stop financial services to corporate customers. The table below sets forth the financial performance of the Group's corporate banking for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in percentage (%)
	2023	2022	
External interest income, net <sup>(1)</sup>	3,895.3	4,175.0	(6.7)
Inter-segment interest expenses, net <sup>(2)</sup>	(2,233.5)	(2,129.3)	4.9
Net interest income	1,661.8	2,045.7	(18.8)
Net fee and commission income	2.5	6.1	(59.0)
<b>Operating income</b>	<b>1,664.3</b>	2,051.8	(18.9)
Operating expenses	(714.8)	(888.3)	(19.5)
Impairment losses on assets	(715.6)	(603.9)	18.5
<b>Profit before tax</b>	<b>233.9</b>	559.6	(58.2)

Notes:

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

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

## Chapter 4 Management Discussion and Analysis

### (i) Corporate loans

The Group offers loans to corporate customers to satisfy their capital needs for operations, machinery and equipment procurement and for infrastructure and real estate development. As of June 30, 2023 and December 31, 2022, the Group's corporate loans totalled RMB151,693.7 million and RMB145,044.6 million, respectively, accounting for 84.7% and 84.3% of the Group's gross loans and advances to customers, respectively.

### (ii) Discounted bills

The Group purchases bank and commercial acceptance bills at discounted prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group may re-discount these bills to the People's Bank of China ("PBOC") or other financial institutions. As of June 30, 2023, the Group had a balance of RMB0.6 million in discounted bills.

### (iii) Corporate deposits

The Group accepts time and demand deposits from corporate customers in Renminbi and major foreign currencies, such as U.S. dollars and Euros. The terms of corporate time deposits generally range from three months to three years. The Group's corporate deposit customers include state-owned enterprises, financial and government authorities and institutions, private enterprises, foreign-invested enterprises and non-profit organizations. As of June 30, 2023 and December 31, 2022, the Group's corporate deposits totalled RMB39,945.9 million and RMB50,846.4 million, respectively, accounting for 17.1% and 22.4% of total deposits from customers, respectively.

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

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

#### **(A) Consulting and financial advisory services**

The Group's consulting and financial advisory services primarily include financing solution structuring and asset management services to corporate customers. For the six months ended June 30, 2023 and 2022, the Group's income from consulting and financial advisory services was RMB13.2 million and RMB16.5 million, respectively.

## Chapter 4 Management Discussion and Analysis

### ***(B) Syndicated loans services***

The Group acts as lead manager, agent and lender bank for syndicated loans to corporate customers to meet their larger financing needs. For the six months ended June 30, 2023 and 2022, the Group earned service fees for syndicated loans of RMB nil and RMB7.8 million, respectively.

### ***(C) Settlement and clearing services***

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

### ***(D) Entrusted loans***

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

### ***(E) Agency services***

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

### ***(F) Wealth management services***

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

## Chapter 4 Management Discussion and Analysis

### (b) Retail Banking

The Group offers a broad range of products and services to retail customers, including loans, deposits, debit cards and fee- and commission-based products and services. As of June 30, 2023, the Group had 73,154 retail borrowers with gross loans and advances to customers of RMB27,514.0 million. For the six months ended June 30, 2023 and 2022, the operating income from the Group's retail banking business amounted to RMB1,308.0 million and RMB1,444.3 million, respectively, accounting for 52.0% and 45.8% of total operating income of the Group, respectively. The table below sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in percentage (%)
	2023	2022	
External interest expenses, net <sup>(1)</sup>	(2,274.5)	(1,874.7)	21.3
Inter-segment interest income, net <sup>(2)</sup>	3,578.7	3,315.1	8.0
Net interest income	1,304.2	1,440.4	(9.5)
Net fee and commission income	3.8	3.9	(2.6)
<b>Operating income</b>	<b>1,308.0</b>	<b>1,444.3</b>	<b>(9.4)</b>
Operating expenses	(654.1)	(371.0)	76.3
Impairment losses on assets	(89.7)	(343.7)	(73.9)
<b>Profit before tax</b>	<b>564.2</b>	<b>729.6</b>	<b>(22.7)</b>

Notes:

- (1) Refers to net income and expenses from third parties.
- (2) Refer to inter-segment income or expenses and transfer pricing.

## Chapter 4 Management Discussion and Analysis

### (i) Retail loans

Net interest income of the Group's retail bank business as of June 30, 2023 decreased by 9.5% when compared with that of June 30, 2022, which was mainly due to the higher growth rate of retail deposits compared to retail loans.

Retail loans consist primarily of personal business loans, personal consumption loans, residential and commercial mortgage loans and credit card overdrafts. As of June 30, 2023 and December 31, 2022, the Group's retail loans totalled RMB27,514.0 million and RMB26,984.8 million, respectively, accounting for 15.3% and 15.7% of gross loans and advances to customers, respectively.

### (ii) Retail deposits

The Group offers retail customers a variety of demand deposit and time deposit products denominated in Renminbi and foreign currencies. The Group's retail time deposits denominated in Renminbi generally have maturities ranging from three months to five years. Retail time deposits denominated in foreign currencies (primarily U.S. dollars and Euros) have maturities ranging from one month to two years. As of June 30, 2023 and December 31, 2022, the Group's retail deposits totalled RMB190,375.6 million and RMB173,073.1 million, respectively, accounting for 81.7% and 76.1% of total deposits from customers, respectively.

### (iii) Bank cards services

#### (A) Debit cards

The Group issues Renminbi-denominated debit cards to retail customers who maintain deposit accounts with the Group. Customers may use debit cards for a variety of financial services, including cash deposits and withdrawal, transfers, settlement and bill payment. The Group's debit cards are classified into platinum, gold and basic cards based on customers' daily average financial asset balances. The Group also issues specialized debit cards with added features, and timely launches theme cards for different market segments and co-branded cards offering preferential value-added services. For example, the Bank cooperates with Changchun Federation of Trade Unions (長春市總工會) to issue service cards for trade union members and offer cardholders comprehensive financial services, including membership management, subsidies and allowances. As of June 30, 2023, the Group had issued approximately 4.8 million debit cards.

## Chapter 4 Management Discussion and Analysis

### **(B) Credit cards**

The general China UnionPay credit cards of the Bank have been issued to high-quality customers. We continued to pay attention to customers' needs and our service quality has been continuously improved. In the first half of 2023, the Bank upgraded and renovated the customer's card application channel by adding a scanning code application method and equipping them with three-level approval for mobile credit card applications, so as to improve the card application experience of customers. The Bank continued to upgrade the interface and functions of the "Jiushang Credit Card (九商信用卡)" mobile APP, so as to provide customers with more convenient and comprehensive online credit card services. The Bank enriched its business products to meet the card needs of different customer bases. While improving credit card services, the Bank also closely monitored and effectively prevented and controlled risks relating to credit card business. The credit card business operated smoothly during the year. All business indicators have improved steadily.

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

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

#### **(A) Wealth management services**

The Bank offers retail customers a variety of wealth management products based on their risk and return appetites, primarily including net worth wealth management products and non-net worth wealth management products. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and other fixed-income products. For the six months ended June 30, 2023 and 2022, the Bank's sales of wealth management products to retail customers totalled RMB2,892.5 million and RMB4,719.7 million, respectively.

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

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

## Chapter 4 Management Discussion and Analysis

### (c) Treasury Operations

The Group's treasury operations consist primarily of money market transactions, investments in securities and other financial assets and treasury operations conducted on behalf of customers. In response to the complicated and ever-changing economic and financial environment as well as changes in policies and market, the Bank placed an emphasis on optimization of the assets and liabilities structure and improvement in the yield of our treasury operations. The Bank capitalized on investment opportunities through timely adjustment of its investment strategies and compliant and prudent development of the treasury operations. For the six months ended June 30, 2023 and 2022, operating income from the Group's treasury operations was RMB(424.3) million and RMB(420.4) million, accounting for (16.9)% and (13.3)% of its total operating income, respectively. The table below sets forth the financial performance of the Group's treasury operations for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Change in percentage (%)
	2023	2022	
External interest income, net <sup>(1)</sup>	796.3	647.3	23.0
Inter-segment interest expenses, net <sup>(2)</sup>	(1,345.2)	(1,185.8)	13.4
Net interest income	(548.9)	(538.5)	1.9
Net fee and commission income	1.4	20.4	(93.1)
Net income from other businesses <sup>(3)</sup>	123.2	97.7	26.1
<b>Operating income</b>	<b>(424.3)</b>	<b>(420.4)</b>	<b>0.9</b>
Operating expenses	(10.6)	(60.1)	(82.4)
Impairment losses on assets	(228.9)	(92.3)	148.0
<b>Profit before tax</b>	<b>(663.8)</b>	<b>(572.8)</b>	<b>15.9</b>

Notes:

- (1) Refers to net income from third parties.
- (2) Refers to inter-segment expenses and transfer pricing.
- (3) Primarily includes net trading gains and losses and net gains/(expenses) from financial assets investments.

#### (i) Money market transactions

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

## Chapter 4 Management Discussion and Analysis

### **(A) Interbank deposits**

The Group accepts deposits from banks and deposit funds in other financial institutions to adjust its asset and liability structure. As of June 30, 2023 and December 31, 2022, the balance of Group's deposits from banks totalled RMB1,905.0 million and RMB3,471.6 million, respectively, and the balance of Group's deposits at banks and other financial institutions totalled RMB13,299.3 million and RMB11,092.3 million, respectively.

### **(B) Interbank placement**

As of June 30, 2023 and December 31, 2022, the balance of Group's placements with banks and other financial institutions totalled RMB nil and RMB425.2 million, respectively, and the balance of Group's placements from banks and other financial institutions totalled RMB1,553.9 million and RMB2,052.8 million, respectively.

### **(C) Interbank repurchase and reverse repurchase transactions**

The securities underlying the Group's repurchase and reverse repurchase transactions are mainly RMB-denominated treasury bonds and policy-oriented financial bonds. As of June 30, 2023 and December 31, 2022, the Group's financial assets held under resale agreements totalled RMB10,286.5 million and RMB9,570.5 million, respectively, and the Group's financial assets sold under repurchase agreements totalled RMB240.1 million and RMB50.0 million, respectively.

### **(ii) Investments in securities and other financial assets**

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

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



## Chapter 4 Management Discussion and Analysis

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	825.4	2.3	1,909.1	5.7
Financial assets at fair value through other comprehensive income	10,366.9	29.2	4,019.8	11.9
Financial assets at amortized cost	24,296.9	68.5	27,797.7	82.4
<b>Total investment securities and other financial assets</b>	<b>35,489.2</b>	<b>100.0</b>	33,726.6	100.0

Total investment securities and other financial assets increased by 5.2% from RMB33,726.6 million as of December 31, 2022 to RMB35,489.2 million as of June 30, 2023.

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

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

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Immediately due	6,405.9	18.1	6,160.8	18.3
Due in 3 months	1,801.2	5.1	2,090.6	6.2
Due between 3 and 12 months	6,666.1	18.8	7,214.7	21.4
Due between 1 and 5 years	10,263.3	28.9	8,480.4	25.1
Due over 5 years	9,390.6	26.5	8,732.7	25.9
Undefined	962.1	2.6	1,047.4	3.1
<b>Total</b>	<b>35,489.2</b>	<b>100.0</b>	33,726.6	100.0

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

## Chapter 4 Management Discussion and Analysis

### (C) Holding of government bonds

As of June 30, 2023, the balance of face value of the government bonds held by the Bank amounted to RMB20,789.1 million. The table below sets out the top 10 government bonds with the highest face value held by the Group as of June 30, 2023.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
22 Interest-bearing treasury bond 23	3,400.0	1.67	October 25, 2023
23 Interest-bearing treasury bond 09	2,460.0	3.19	April 15, 2053
22 Interest-bearing treasury bond 20	1,450.0	1.99	September 15, 2024
21 Interest-bearing treasury bond 09	1,130.0	3.02	May 27, 2031
23 Interest-bearing treasury bond 10	960.0	2.05	April 25, 2024
22 Interest-bearing treasury bond 24	920.0	3.12	October 25, 2052
23 Interest-bearing treasury bond 13	900.0	2.00	June 15, 2025
20 Interest-bearing treasury bond 09	900.0	2.36	July 2, 2023
22 Interest-bearing treasury bond 08	850.0	3.32	April 15, 2052
23 Interest-bearing treasury bond 01	530.0	2.01	January 15, 2024
<b>Total</b>	<b>13,500.0</b>		

### (D) Holding of financial bonds

As of June 30, 2023, the balance of face value of the financial bonds (mainly the financial bonds and interbank certificates issued by policy-oriented banks, banks and other financial institutions in China) held by the Group amounted to RMB1,990.0 million. The table below sets out the 10 financial bonds with the highest face value held by the Group as of June 30, 2023.

Name of the bond	Face value (RMB in millions)	Coupon rate (%)	Maturity date
21 Guo Kai 03	550.0	3.30	March 3, 2026
19 Guo Kai 05	370.0	3.48	January 8, 2029
21 Guo Kai 07	200.0	3.00	June 17, 2024
14 Guo Kai 11	130.0	5.67	April 8, 2024
23 Guo Kai 05	120.0	3.02	March 6, 2033
16 Nong Fa 05	100.0	3.33	January 6, 2026
14 Nong Fa 23	100.0	5.48	March 21, 2024
21 Guo Kai 15	60.0	3.12	September 13, 2031
23 Jinzhou Bank CD018	50.0	2.85	October 31, 2023
23 Harbin Bank CD015	50.0	2.85	November 1, 2023
<b>Total</b>	<b>1,730.0</b>		

## Chapter 4 Management Discussion and Analysis

### (iii) Treasury operations conducted on behalf of customers

In the Bank's treasury operations conducted on behalf of customers, the Bank manages funds received from the issuance of wealth management products to corporate and retail customers. For the six months ended June 30, 2023 and 2022, the Bank sold wealth management products totalling RMB2,892.5 million and RMB4,719.7 million, respectively.

### (d) Distribution Network

#### (i) Physical outlets

As of June 30, 2023, the Group had an aggregate of 365 outlets, of which 175 outlets, including three branches in Changchun, Songyuan and Tonghua, were operated by the Bank and the rest by the Group's subsidiaries under their own names.

In addition to the traditional banking business, the Group proactively seeks outlet transformation. The Group strengthened the deployment of intelligent devices, applied mobile Internet, artificial intelligence, big data and other financial technology means, continued to improve the functions of mobile phone banking, Internet banking and WeChat banking, developed various APPs in a timely manner, strengthened online service support, accelerated the pace of digital transformation and improved the financial supply capacity. The Group introduced online TV banking, and built unmanned banking, created a "new demonstration" of digital banking outlets.

#### (ii) Electronic banking

##### (A) Self-service banking

The Group provides convenient banking services to customers at lower operation costs by using self-service facilities. Self-service facilities are available at service outlets, self-service zones, commercial complexes, hospitals, schools and other public places. As of June 30, 2023, the Group had 346 self-service outlets, 54 self-service zones and 896 self-service facilities.

##### (B) Telephone and SMS banking

The Group provides customers with account management, status reminders, transfer and remittance and consultation and other services around the clock through an interactive self-service voice system, live customer service, and SMS interaction. As of June 30, 2023, the Group had 3,081,845 phone and SMS banking customers.

## Chapter 4 Management Discussion and Analysis

### **(C) Internet banking**

The Group provides customers with account management, transfer and remittance, interbank receipt, online loan application and online payment services through the Internet. As of June 30, 2023, the Group had 496,028 internet banking customers.

### **(D) Mobile phone banking**

The Group provides customers with mobile phone banking services, including account inquiry and management, transfer and remittance, fee payment and mobile phone payment services. As of June 30, 2023, the Group had 1,103,380 mobile phone banking customers.

### **(E) WeChat banking**

Through WeChat, the Group's customers can access information relating to its products, services and promotions, manage accounts, search for its outlet locations and reserve counter services. As of June 30, 2023, the Group had 253,775 WeChat banking customers.

### **(F) Remote video banking**

The Group offers remote video conference counter services for retail customers.

## **(e) Information on the Subsidiaries**

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

The Bank, as the main promoter, established Jilin Jiuyin Financial Leasing Co., Ltd. ("**Jilin Jiuyin**") after obtaining approval from the Former CBIRC. The registered address of Jilin Jiuyin is in Changchun, Jilin Province, and its total share capital is RMB525.0 million, RMB315.0 million of which is held by the Bank, accounting for 60.00%. Jilin Jiuyin obtained the business license on February 20, 2017 from the Administration for Industry and Commerce of Jilin Province. Its scope of business includes financial leasing business, transferring assets under financial leases as transferor and transferee, fixed-income securities investment business, accepting deposits as guarantee from the lessee, taking deposits of 3 months or above from non-bank shareholders, interbank placements, obtaining loans from financial institutions, offshore lending, disposal and handling of leased articles and economic consulting. As at June 30, 2023, total assets of Jilin Jiuyin amounted to RMB3,813.5 million. For the six months ended June 30, 2023, the operating income of Jilin Jiuyin amounted to RMB63.1 million, accounting for 2.5% of total operating income of the Group.

## Chapter 4 Management Discussion and Analysis

### (ii) Village and township banks

As of June 30, 2023, the Bank controlled and consolidated a total of 34 village and township banks in Jilin province, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi, Guangdong and Hainan.

As of June 30, 2023, these village and township banks had total assets of RMB63,499.8 million, total deposits of RMB54,926.2 million and total loans of RMB38,084.1 million. For the six months ended June 30, 2023, the operating income of these village and township banks was RMB773.1 million, accounting for 30.7% of the Group's total operating income.

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

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

### (f) Operation and Safety of IT Systems

In the first half of 2023, the Bank carried out IT work through four focuses, including improving the financial technology governance system, accelerating the intelligent reinvention of financial services, building a new digital infrastructure, and consolidating the foundation for sustainable development, in order to promote digital transformation of the Bank and provide effective support for the innovative development of various businesses.

## Chapter 4 Management Discussion and Analysis

### (i) Improved the financial technology governance system

The Bank prepared, revised and updated 20 information technology policies, including the Data Quality Management Measures, the Data Backup Management Provisions and the Cybersecurity Management Provision, perfected the information technology control system, and improved the ability to prevent information technology risks and supply chain risks. The Bank organized and carried out publicity activities for the sixth anniversary of the implementation of the Cybersecurity Law, publicized financial security knowledge to the outlet customers and the public focusing on the publicity theme and through a variety of publicity methods, to perform its social responsibility. Through carrying out skills training for scientific and technological personnel and on-site inspection of outlets, the Bank strengthened the cybersecurity management and guarantee ability, implemented the cybersecurity management policies, adopted the combination of online and offline methods, strengthened the cybersecurity awareness of all staff and the information security skills of scientific and technological personnel of the Bank.

### (ii) Accelerated the intelligent reinvention of financial services

The Bank always adhered to use financial technology means to actively support business development and management improvement, explored the development trend and scenario application of financial technology, and accelerated the transformation of digital innovation. In the first half of 2023, the Bank launched a series of financial products in line with actual condition and promoting the industrial developments on the online financial integrated services platform, and linked to the “Three Clouds (三朵雲)” of the market supervision office, introduced the “Growth Loan (成長貸)” “Business Loan (興業貸)”, innovated loan products, improved the risk control system, further promoted business development towards multi-channel, green and convenient, security and compliance. Taking community finance as the entry point, the Bank launched micro-payment projects, linked to the intermediary business platform to realize education, convenience and other related payment functions, and organically combined financial services with life services. The Bank continued to carry out the data platform structural optimization and data governance, built a mobile management platform, to better create a convenient, efficient and safe office experience and support the accuracy, efficiency and comprehensiveness of business decisions. In particular, the “comprehensive data display platform” project was awarded as the “Excellent Application Case of Data Management of Jilin Province in 2023”. The Bank attached importance to the protection of intellectual property rights and actively carried out the summarization of scientific and technological achievements. In the first half of 2023, the Bank was granted 6 computer software copyrights issued by the National Copyright Administration, and as of the end of June 2023, 33 software copyrights have been approved.

## Chapter 4 Management Discussion and Analysis

### (iii) Created a new digital infrastructure

In the first half of 2023, the server rooms of the information center of the Bank maintained satisfactory operation overall. In response to a more complicated network structure and rapidly growing network traffic, the Bank applied software-defined networking (SDN) structure, realized the unified management, integration and virtualization of network resources, provided on-demand allocation of network resources and services, macro controlled network traffic, rationally allocated network resources and improved the utilization rate of network resources in overall. The Bank renovated the storage structure, adopted SVC storage virtualization technology to integrate the original multiple heterogeneous storage units, and improved the high availability, utilization and business continuity of the storage structure. Under the guidance of ISO 22301 system, the Bank continuously optimized the automatic operation and maintenance platform, utilized the automatic technology to transform the manual execution into automatic operation, improved the work efficiency of network operation and maintenance, host operation and maintenance, monitoring system, ITSM process, etc., and realized the standardized and systematic management of IT operation and maintenance and business continuity. Meanwhile, the Bank conducted the cybersecurity optimization, terminal security protection, system security reinforcement, backup management optimization and other work to guarantee the safe and reliable operation of the business system.

### (iv) Strengthened the foundation of sustainable development

In order to guarantee and guide the digital transformation of the Bank, the Bank focused on strengthening the construction of financial technology talents. On the one hand, the Bank organized the communication with peers, attended the digital transformation conference of the industry, continuously improved the skills of employees in the fields of project management, system research and development, quality control and cybersecurity; on the other hand, the Bank cultivated the digital thinking and execution ability integration with financial scenarios of employees, to follow the development trend of the era and the demand of talent development. In the first half of 2023, personnel of the Bank have obtained the reviewer of ISO Quality Management System (QMS), Information Security Management System (ISMS), Certified Data Governance Professional (CDGP), PCI Security Engineer certification, OpenGauss and MogDB database certification, Certified Data Center Professional (CDCP) and Certified Data Center Facility Operations Manager (CDFOM) certification. As of the end of June 2023, the Bank had one person who is a senior engineer and 17 people with 8 senior certifications such as System Analyst, Information Systems Project Manager, Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Professional (CISP), Certified Information Systems Security Specialist (CISSP), etc.

## Chapter 4 Management Discussion and Analysis

### 5 Risk Management

#### (a) Risk Management of the Bank

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

##### (i) Credit risk management

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

The Bank's credit risk management organization includes its president, Risk Management Committee, Credit Approval Committee, risk management department, front desk business department, internal audit department and persons-in-charge of branches and sub-branches.

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

The Bank uses the following mechanisms to manage credit risks:

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



## Chapter 4 Management Discussion and Analysis

- Risk alert mechanism – The Bank continually monitors outstanding credit and overall credit quality. The Bank carries out standardized management of risk alerts through the use of the post-disbursement management function of its credit system and promptly provides advices to deal with the issue.
- Non-performing asset disposal mechanism – The Bank has established an accountability mechanism for the disposal of non-performing assets.

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

In the first half of 2023, the Bank seriously complied with the national financial policies and industrial policies and strictly implemented the regulatory requirements. The Bank further optimized its credit risk management procedures and measures, and strengthened the centralized management of credit risk, so as to effectively improve its credit risk management. Firstly, the Bank earnestly promoted the implementation of Risk Classification Measures of Financial Assets of Commercial Banks within the Bank, carried out assets quality risk categorization and monitoring alert to take the initiative in identifying and solving credit risk in a timely manner. The Bank performed credit assets quality management in the post pandemic period and implemented its policies precisely, effectively prevent and control credit risks. Secondly, the Bank focused on its principal business to support the development of the real economy. The Bank adjusted its credit policy and effectively determined its credit approval plan accordingly to further refine the credit structure. Thirdly, the Bank further standardized credit management. The Bank strictly conducted due and diligent investigation, unified the credit and credit review and other credit risk control system and mechanism. The Bank approved the credit limit scientifically and provided credit in reasonable forms. Potential risk of new credit products was assessed scientifically in order to determine the access criteria in a rational manner. Fourthly, the Bank reinforced the rating management and implemented stringent approval procedures for industry access and customer access, enhanced loan risk mitigation measures to ensure the quality of new loans. Fifthly, the Bank continued to monitor and analyze significant risk and strictly complied with the prevention and control requirement of significant risks for various businesses. Through effective identification, measurement and monitoring, significant risks were prevented and controlled.

## Chapter 4 Management Discussion and Analysis

### (ii) Market risk management

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

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

In the first half of 2023, the Bank closely monitored market changes and further refined the market risk management system. Market risks were fully measured based on sensitive analysis, duration, value at risk (VaR) and other tools. Abilities of Identification, evaluation and prevention of market risks were further strengthened. The Bank strictly managed market risk limits and continued to monitor transaction limits, stop-loss limits and risk limits. The Bank also provided early warning and took effective measures for potential risks. Based on the results of its regular stress tests, market risk management strategies and methods were adjusted in a timely manner to further enhance the market risk management level.

### (A) Interest rate risk management

Interest rate risk is the risk of revenue or value loss in investment portfolio due to adverse changes in interest rates, maturity mix and other factors. Based on a variety of sources, interest rate risk can be categorized into repricing risk, yield curve risk, benchmark risk and optionality risk. The interest rate risk of the Bank mainly includes re-pricing risk (also known as maturity mismatch risk), which is due to the difference between the maturity dates of assets, liabilities and off-balance sheet positions of the Bank (for fixed interest rate) or the re-pricing period (for floating interest rate). The Bank has established a banking book interest rate risk management system in line with the risk profile and business complexity, which was consistent with the Bank's overall development strategy and overall risk management system. The goal of banking book interest rate risk management is to achieve an effective balance of income, risk and capital within the tolerable interest rate risk limit according to the risk management level and risk preference of the Bank.

## Chapter 4 Management Discussion and Analysis

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

In the first half of 2023, the Bank formulated banking book interest rate risk management strategies based on factors such as risk preference, risk profile, macroeconomic and market changes, and defined management objectives and management modes. Firstly, the Bank perfected the interest rate risk management strategy. The Bank formulated and implemented corresponding management policies based on the forecast of interest rate trend and measurement results of changes in overall return and economic value to ensure that the interest rate risk level actually borne by the Bank is consistent with the risk tolerance. Secondly, the Bank optimized the maturity structure of assets and liabilities. The Bank strengthened the gap risk management, appropriately adjusted the business contract term and repricing term, to reduce the impact of interest rate changes on the banking book interest rate risk. Thirdly, the Bank established and improved the pricing management system. The Bank established the scientific internal funds transfer pricing system (FTP) and loan rate pricing mechanism (RPM), improved deposit and loan pricing management methods, continuously enhanced pricing capabilities, objectively evaluated the interest rate situation of each institution and product and its ability to generate profits, played the role of price leverage in guiding business strategies and business development, realized the optimal allocation of resources and structure, and improved the ability to prevent and control interest rate risk. Fourthly, the Bank improved the level of interest rate risk management. The Bank strengthened the identification, measurement, monitoring and control and regularly conducted stress test of banking book interest rate. Based on statistics of the maturity mix of repricing of its rate-sensitive assets and liabilities, the Bank designed different interest rate shock scenarios and pressure scenarios to measure the impact of interest rate fluctuation on its economic value under specific interest rate shock scenarios and analyze the potential interest rate risk level of banking books of the Bank based on the changes in economic values. The Bank reduced the impact of banking book interest rate risk on businesses of the Bank without prejudicing its revenue and comprehensively enhanced the risk management level of the Bank's banking book interest rate. Fifthly, the Bank unified and balanced the stabilizing of growth and risk prevention and control. The Bank adhered to the sound and prudent interest rate risk appetite, smoothly coped with complex domestic and foreign economic and financial situation and risk challenges, improved the forward looking, scientific, initiative control mechanism of interest rate risk management strategies accurately controlled the balance sheet layout and interest rate risk exposure, continued to optimize the interest rate risk management pattern, maintained regulatory indicators and interest rate risk controllable, and realized the balanced growth of the Bank's revenue for the period and long-term value.

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### **(B) Exchange rate risk management**

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

In the first half of 2023, the Bank continued to implement its philosophy of management of neutral exchange rate risk. The Bank monitored foreign exchange positions on a real-time basis, avoided transactions with high exchange rate risks, reasonably matched transaction with currencies and maturities and settled major transactions in a timely manner to reduce exchange rate risk and lock costs, and effectively reduced exchange rate risk and obtained stable income. The Bank revalued monetary balance sheet items and non-monetary items at fair value daily to enhance the management level of foreign exchange translation. The Bank has duly considered the effect of exchange rate changes on revenue for the current period and studied the effect of changes in the main factors of market risk on revenue and economic value to proactively regulate potential systematic risks. The exchange rate risk management level of the Bank can be extensively improved.

### **(iii) Operational risk management**

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

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

In the first half of 2023, the Bank implemented various measures to continuously optimize the operational risk management and enhance its risk management and control capability. Firstly,

## Chapter 4 Management Discussion and Analysis

the Bank conducted investigation on abnormal behavior of employees. Quarterly inspections were carried out in respect of labor discipline, leave taking, shift duty, mandatory leave, avoidance of duty performance and abnormal behavior of employees, which have effectively forestalled and solved existing abnormal behavior of all employees of the Bank. Secondly, the Bank implemented self-inspection and monitoring of accounting works. Quarterly inspections were carried out in nine aspects including duty performance of account management officers, basic accounting work, cashier management, negotiable certificates and important blank vouchers management. Separate records with clear guidelines on rectifications and designated person-in-charge were issued for each of the inspections. Thirdly, systems related to consumer right protection were refined. The Bank strengthened its product and service management and proactively held various promotional activities to spread financial knowledge and basic legal knowledge to the public to enhance their awareness of legal system and capability of self-protection, which have effectively fulfilled the responsibility in protecting consumer rights. Fourthly, the information management system was enhanced. In accordance with the requirements of the business development strategies of the Bank and combined with the actual condition of information technology, the Bank focused on the following six aspects: improving the governance system of financial technology, fully releasing the potential of data elements, building a new digital infrastructure, deepening the application of core and key technologies, activating new kinetic energy of digital operation and accelerating the intelligent reengineering of financial services.

### (iv) Liquidity risk management

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

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

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In the first half of 2023, adhering to the four operating principles of unified management, security and prudence, forward-looking management and full coverage, the Bank strengthened the prospective and proactive management of liquidity. The Bank's operations and liquidity management were effectively integrated, and overall liquidity remained stable. Firstly, the Bank improved the liquidity risk management system. Amendments were made to the Provisional Rules of Liquidity Risk Management (流動性風險管理暫行辦法), Management Measures of Liquidity Risk Limit (流動性風險限額管理辦法), Provisional Measures for Capital Position Management (資金頭寸管理暫行辦法), and Emergency Response Plan for Liquidity Risks (流動性風險應急處置預案). Secondly, the Bank strengthened liquidity risk monitoring and management as well as early warning analysis. In addition to the implementation of the regulatory requirements, and based on our actual practice, the Bank has closely monitored various indicators and limits, identified, assessed and measured the risks in a timely manner, and deployed risk prevention, control and mitigation efforts in advance. The Bank strengthened its day-to-day liquidity management by accurately calculating and monitoring liquidity risk in a timely manner, and reasonably adjusted the over-provision and clearing funds to ensure that the provision was reasonably adequate. Thirdly, the Bank strictly enforced its liquidity risk management policies and preferences. In the first half of the year, the central bank lowered the RMB statutory reserve requirement ratio by 0.25 percentage point, which made the Bank's liquidity more abundant. Meanwhile, in response to changes in internal and external circumstances, such as monetary policy adjustments and operational structural adjustments, the Bank coordinated the relationship between safety, liquidity and efficiency, and played its role in supporting the development of the real economy. Fourthly, the Bank conducted liquidity risk stress tests. The Bank conducted regular liquidity stress tests on a quarterly basis to timely assess the Bank's ability to withstand the pressure of liquidity risk and its risk mitigation capacity, and added a specialized stress test at important and sensitive times to strengthen the monitoring and prevention of liquidity risk in a timely manner. The Bank has formulated contingency plans based on the liquidity gap situation to ensure that the liquidity risk is safe and controllable.

### (v) Reputational risk management

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

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

In the first half of 2023, the Bank continuously adapted to the development requirements of the new situation, implemented whole-process and regularized management of reputational risk, and continued to promote more standardized and efficient reputational risk management. Firstly, the Bank improved the reputational risk emergency response mechanism, formulated the Emergency Response Plan for Reputational Risk (聲譽風險應急處置工作預案), standardized the emergency response for reputational risk events, and further improved the reputational risk management system and mechanism. Secondly, the Bank strengthened early warning assessment of reputational risk, proactively identified and prevented reputational risk, analyzed the reasons for the occurrence of potential reputational risk events and the extent of their impact, predicted their development and changes, and made timely responses. Thirdly, the Bank adhered to the people-oriented approach and took the protection of customers' rights and interests as the starting and ending point, continued to improve the protection of consumers' rights and interests and the management of complaints, and continuously upgraded the quality and standard of its services in order to build up the trust of its customers. Fourthly, the Bank strengthened the conceptual guidance of reputational risk management, cultivated the awareness of reputational risk among all employees, and raised the importance and sense of urgency of reputational risk management. Fifthly, the Bank standardized information disclosure and publicity work, continuously strengthened the quality control of information disclosure, accepted public supervision, actively fulfilled its social responsibility, launched various voluntary service activities, and contributed to the development of various public welfare undertakings, established a good brand image.

### (vi) Legal and compliance risk management

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

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The Bank incorporates legal and compliance risk management in the development of its corporate culture as well as its comprehensive risk management system in order to establish a top-down compliance risk management system. In the first half of 2023, adhering to the principle of achieving growth in compliance with the regulations, the Bank prioritized internal control and further improved the effectiveness of its compliance management. Firstly, in order to implement the spirit of the 2023 working meeting of the provincial federation and the working meeting of the legal compliance line, the Bank has implemented the “Ten Major Projects”, firmly established the compliance concept of “Internal Control Priority, Compliance Oriented”, and launched a compliance culture and construction year activities throughout the Bank. The activities include five aspects: speaking about compliance, learning about compliance, talking about compliance, doing compliance, and evaluating compliance. Secondly, in order to further publicize the concept of the rule of law throughout the Bank, the Bank promoted the spirit of the rule of law and the continuous development of the rule of law in the Bank. Monthly civil code promotion activity, “Good Life comes with Civil Code (美好生活民法典相伴)” was organized on May 2023. Thirdly, the Bank strengthened case risk investigation on major entities, major business sectors and employees in major positions to achieve comprehensive prevention. The Bank paid high attention to case prevention and eliminated potential problems in a timely manner to effectively mitigate risks. In the first half of the year, case risk investigations for the first and second quarters and rectification of unlawful fundraising related to pension were carried out. Fourthly, the Bank consolidated its foundation to strengthen compliant operation of grassroots institutions. The Bank instructed grassroots institutions to enhance the study of rules and regulations and conduct warning education, which further raised the compliance awareness of all employees.

### (vii) IT risk management

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

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



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In the first half of 2023, through measures such as perfecting the IT risk management system, building up the security and protection capability of FinTech, and consolidating the management capability of business continuity, the Bank strengthened identification, measurement, monitoring and control of IT risks and realized a round-the-clock and all-round IT risk management mechanism. Firstly, the Bank improved IT risk management system. The Bank revised and improved 20 IT systems, including the Data Quality Management Regulations (數據質量管理辦法), Data Backup Management Regulations (數據備份管理規定), Network Security Management Regulations (網絡安全管理規定), to further strengthen the risk management, effectively prevent IT risks, and ensure the safe and stable operation of the information system. The Bank launched quarterly IT risk assessment to comprehensively analyze and evaluate IT risks and their management from the dimensions of IT management, IT critical infrastructure management, information security management, outlet security management, network security management, host security management, system development and testing management, business continuity management, and IT outsourcing management. The Bank enhanced the level of risk identification and risk control, and established a good IT risk assessment mechanism. The Bank organized and launched 5 IT project inspections and reviews covering IT organization structure, system development, system changes, data backup, business continuity and outsourcing management. Through launching skills training for technical staff and on-site inspections of outlets, the Bank strengthened network security management and protection capabilities, implemented the security management system for outlets. Through a combination of online and offline approaches, the Bank strengthened the cyber security awareness of all staff and the information security skills of technology personnel. Secondly, the Bank strengthened its financial technology security protection capability. By strengthening security protection, improving systems and standards, enhancing security awareness, and establishing and improving information security protection mechanisms, the Bank continued to intensify its efforts in fintech security management, constructed an all-round, full-process cybersecurity technology protection system, and enhanced its ability to respond to major cyberthreats, major disasters, and unforeseen events. Guided by the ISO 27001 system, the Bank has formulated information security work plan for 2023, implemented key tasks such as network architecture optimization and data management, and continuously optimized its technology internal control management strategies and processes. The Bank carried out network security optimization, terminal security protection, system security reinforcement, storage architecture modification, backup management optimization, and monitoring system optimization to ensure the safe and reliable operation of the business systems, and to provide adequate protection for the rapid uploading of the rapidly growing business systems. The Bank implemented network security optimization, upgraded the versions of security equipment such as IPS, WAF, IDS, log audit, anti-virus wall, and improved the security principles. The Bank continued to optimize the network big data analysis platform, realized proactive and intelligent analysis of massive security alarms, and realized intelligent, automated and integrated management. Thirdly, the Bank strengthened its business continuity management capabilities. Guided by the ISO 22301 system, the Bank further improved the construction of information security and operation and maintenance system, realized the standardization and systematic management of IT operation and maintenance and business continuity, and formed an emergency response mechanism with prevention as the mainstay and continuous improvement, so as to better provide high-efficiency IT services and business continuity protection. On the basis of business impact analysis, the Bank improved various contingency plans and formulated contingency drill plans. In the first half of 2023, the Bank organized and launched 11 contingency drills for the data center's electrical system, air-conditioning system, outbound leased line switching, data platform database, and data backup. The Bank improved its emergency response capability, verified the effectiveness of emergency plans and the completeness of emergency resources, enhanced the risk awareness of the emergency response team and its emergency response capability in handling unexpected events, and ensured the safe and reliable operation of the data center and business systems.

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

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

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

In the first half of 2023, the Bank duly performed its responsibilities in anti-money laundering and anti-terrorism financing, and continued to enhance the anti-money laundering risk management. Firstly, the Bank improved its systems and policies. In strict compliance with the regulatory requirement, the Bank further improved its anti-money laundering system and enhanced the effectiveness and comprehensiveness of the anti-money laundering management system. The Bank further consolidated the internal mechanism for anti-money laundering and coordinated the work of different departments and organizations to ensure the performance of anti-money laundering tasks in high quality. Secondly, the Bank further strengthened its building of teams. The Bank conducted regular special training on anti-money laundering to promote employees' awareness of compliance with anti-money laundering requirements and strengthen their professional skills, so as to enhance their duty performance. Thirdly, the Bank implemented more effective monitoring and management. In order to prevent money laundering risk, the Bank further improved the internal control level, strengthened the risk prevention and control ability of anti-money laundering and ensured the order and stability of the economy and financial market through regular internal self-investigation of anti-money laundering and comprehensive customer management covering the whole process from pre-loan management and loan extension to post-loan management. The Bank conducted comprehensive anti-money laundering investigation and data monitoring and analysis and further refined the management of customer identification information in order to prevent and eliminate money-laundering crimes. Fourthly, the Bank developed the culture of anti-money laundering. The Bank proactively carried out anti-money laundering promotion with innovative methods, expanded coverage and extended promotion period to further strengthen the public knowledge and participation in anti-money laundering, thereby creating a good social atmosphere valuing anti-money laundering.

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### (ix) Internal audit

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

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

The Bank has set up an independent internal audit structure comprising the Board and the audit committee, the Board of Supervisors, the senior management, the audit department and audit personnel. The audit department has established the comprehensive management center, onsite auditing center and offsite auditing center, and the operations department and Changchun Branch of the Bank are in charge of regional audit division, forming a vertical management system.

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

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

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

### (b) Risk Management of the Subsidiaries

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

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

#### (i) Credit risk management

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

#### (ii) Market risk management

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

#### (iii) Operational risk management

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

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### (iv) Liquidity risk management

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

### (v) Reputational risk management

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

### (vi) Legal and compliance risk management

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

### (vii) IT risk management

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

## Chapter 4 Management Discussion and Analysis

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

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

### (ix) Internal audit

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

## 6 Analysis on Capital Adequacy Ratio

All commercial banks in China are required to comply with the former CBIRC's capital adequacy ratio requirements. Since January 1, 2013, the Group has calculated and disclosed capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), which required commercial banks in China (except systematically important banks) to maintain (i) minimum capital adequacy ratios of 10.5%, 10.5%, 10.5%, 10.5%, 10.5% and 10.5%, respectively, as of June 30, 2018, 2019, 2020, 2021, 2022 and 2023, (ii) minimum tier-one capital adequacy ratios of 8.5%, 8.5%, 8.5%, 8.5%, 8.5% and 8.5%, respectively, as of June 30, 2018, 2019, 2020, 2021, 2022 and 2023, and (iii) minimum core tier-one capital adequacy ratios of 7.5%, 7.5%, 7.5%, 7.5%, 7.5% and 7.5%, respectively, as of June 30, 2018, 2019, 2020, 2021, 2022 and 2023.

## Chapter 4 Management Discussion and Analysis

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

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As at June 30, 2023</b>	As at December 31, 2022
<b>Core capital</b>		
Paid-up capital	5,074.2	5,074.2
Qualifying portion of capital reserve	4,256.8	4,256.8
Surplus reserve	1,223.8	1,223.8
General risk reserve	2,636.7	2,636.7
Investment revaluation reserve	81.6	56.6
Retained earnings	2,789.1	2,639.9
Qualifying portions of non-controlling interests	1,482.4	1,502.7
Core tier-one capital deductions <sup>(1)</sup>	(321.6)	(150.5)
<b>Net core tier-one capital</b>	<b>17,223.0</b>	17,240.2
Other tier-one capital <sup>(2)</sup>	170.8	194.2
<b>Net tier-one capital</b>	<b>17,393.8</b>	17,434.4
<b>Tier-two capital</b>		
Qualifying portion of tier-two capital instruments issued	2,320.0	2,480.0
Surplus reserve for loan impairment	2,048.1	1,954.3
Qualifying portion of non-controlling interests	449.5	384.6
<b>Net capital</b>	<b>22,211.4</b>	22,253.3
<b>Total risk-weighted assets</b>	<b>202,332.2</b>	193,589.1
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.51%</b>	8.91%
<b>Tier-one capital adequacy ratio (%)</b>	<b>8.60%</b>	9.01%
<b>Capital adequacy ratio (%)</b>	<b>10.98%</b>	11.50%

Notes:

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

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

## Chapter 5 Changes in Share Capital and Particulars of Shareholders

### I. Changes in Share Capital of the Bank during the Reporting Period

As of June 30, 2023, the share capital of the Bank was as follows:

Description of Shares	Number of Shares	Approximate % of issued share capital
Domestic Shares	4,107,690,457	81.0
H Shares	966,501,112	19.0
<b>Total</b>	<b>5,074,191,569</b>	<b>100.0</b>



## Chapter 5 Changes in Share Capital and Particulars of Shareholders

### II. Particulars of Shareholders

#### (I) Particulars of Shareholdings of the Top Ten Holders of the Domestic Shares of the Bank

As of June 30, 2023, the top ten holders of the Domestic Shares of the Bank are set out as follows:

Number	Name of Shareholder	Total number of Shares held at June 30, 2023	Approximate percentage in the total issued share capital of the Bank at June 30, 2023 (%)	Pledged or frozen
1	Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	487,618,170	9.61	–
2	Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	417,742,818	8.23	–
3	Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	231,580,506	4.56	–
4	Changchun Dingxing Construction Engineering Co., Ltd. (長春鼎興建築工程有限公司)	140,805,193	2.77	–
5	Changchun Longde Real Estate Development Co., Ltd. (長春市隆德房地產開發有限公司)	136,956,137	2.70	95,700,000
6	China Wood (Group) Co., Ltd. (中國木材(集團)有限公司)	127,786,982	2.52	127,786,982
7	Jilin Province Longyuan Agricultural Production Group Co., Ltd. (吉林省隆源農業生產資料集團有限公司)	125,552,340	2.47	–
8	Jishi Media Co., Ltd. (吉視傳媒股份有限公司)	111,599,871	2.20	–
9	Jilin Province Jiapeng Group Co., Ltd. (吉林省嘉鵬集團有限公司)	106,067,642	2.09	–
10	Changchun Changqing Pharmaceutical Group Co., Ltd. (長春長慶藥業集團有限公司)	100,439,713	1.98	–
<b>Total</b>		<b>1,986,149,372</b>	<b>39.13</b>	<b>223,486,982</b>

## Chapter 5 Changes in Share Capital and Particulars of Shareholders

### (II) Interests and Short Positions of Substantial Shareholders and Other Persons

To the best knowledge of the Bank, as at June 30, 2023, the following persons (other than the Bank's Directors, Supervisors and chief executive) had or be deemed or taken to have interests and/or short positions in the Shares or underlying shares as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital carrying rights to vote in all circumstances at the Shareholders' general meetings of any other member of the Bank:

Name of Shareholder	Nature of Interests	Class of Shares	Number of Shares directly or indirectly held <sup>(8)</sup>	Approximate percentage of the total issued share capital of the Bank (%)	Approximate percentage of the relevant class of Shares of the Bank (%)
<b>Domestic Shares</b>					
Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司)	Beneficial owner	Domestic Shares	487,618,170(L)	9.61	11.87
Changchun Huaxing Construction Co., Ltd. (長春華星建築有限責任公司)	Beneficial owner	Domestic Shares	417,742,818(L)	8.23	10.17
Changchun Huamei Tourism and Culture Media Co., Ltd. (長春市華美旅遊文化傳媒有限公司)	Beneficial owner	Domestic Shares	231,580,506(L)	4.56	5.64
Jilin Province He'an Automobile Leasing Co., Ltd. (吉林省和安汽車租賃有限公司) <sup>(1)</sup>	Interest in controlled corporation	Domestic Shares	231,580,506(L)	4.56	5.64
Liu Haoran (劉浩然), Wang Xiangli (王祥力) <sup>(2)</sup>	Interest in controlled corporation	Domestic Shares	231,580,506(L)	4.56	5.64
<b>H Shares</b>					
China Create Capital Limited	Beneficial owner	H Shares	179,778,119(L)	3.54	18.60
Wang Tao (王濤) <sup>(3)</sup>	Interest in controlled corporation	H Shares	179,778,119(L)	3.54	18.60
Suhang Investment Holdings Limited	Beneficial owner	H Shares	127,338,750(L)	2.51	13.18
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) <sup>(4)</sup>	Interest in controlled corporation	H Shares	127,338,750(L)	2.51	13.18
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) <sup>(5)</sup>	Interest in controlled corporation	H Shares	127,338,750(L)	2.51	13.18
Longyuan International (Hongkong) Limited	Beneficial owner	H Shares	127,891,523(L)	2.52	13.23
Aurum Thrive Limited (金隆有限公司)	Beneficial owner	H Shares	57,232,401(L)	1.13	5.92
Zhang Dan (張丹) <sup>(6)</sup>	Interest in controlled corporation	H Shares	57,232,401(L)	1.13	5.92
Huijin Capital Limited	Beneficial owner	H Shares	60,167,559(L)	1.19	6.22
Mia Chen <sup>(7)</sup>	Interest in controlled corporation	H Shares	60,167,559(L)	1.19	6.22

## Chapter 5 Changes in Share Capital and Particulars of Shareholders

### Notes:

- (1) Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd. According to the SFO, Jilin Province He'an Automobile Leasing Co., Ltd. is deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
- (2) Jilin Province He'an Automobile Leasing Co., Ltd. holds 100% equity interest in Changchun Huamei Tourism and Culture Media Co., Ltd., and Mr. Liu Haorao and Mr. Wang Xiangli directly hold 50% of the total issued share capital of Jilin Province He'an Automobile Leasing Co., Ltd., respectively. According to the SFO, Mr. Liu Haorao and Mr. Wang Xiangli are deemed to be interested in the Shares held by Changchun Huamei Tourism and Culture Media Co., Ltd.
- (3) Wang Tao holds 100% of the total issued share capital in China Create Capital Limited. According to the SFO, Wang Tao is deemed to be interested in the Shares held by China Create Capital Limited.
- (4) Suhang Investment Holdings Limited is a wholly-owned subsidiary of Pure Virtue Enterprises Limited. Pure Virtue Enterprises Limited is a wholly-owned subsidiary of China Huarong Overseas Investment Holdings Co., Limited. China Huarong Overseas Investment Holdings Co., Limited is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. According to the SFO, Huarong Huaqiao Asset Management Co., Ltd. is deemed to be interested in the Shares held by Suhang Investment Holdings Limited.
- (5) Suhang Investment Holdings Limited is a wholly-owned subsidiary of Pure Virtue Enterprises Limited. Pure Virtue Enterprises Limited is a wholly-owned subsidiary of China Huarong Overseas Investment Holdings Co., Limited. China Huarong Overseas Investment Holdings Co., Limited is a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a majority shareholder of Huarong Huaqiao Asset Management Co., Ltd. Huarong Zhiyuan Investment & Management Co., Ltd. is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd. According to the SFO, China Huarong Asset Management Co., Ltd. is deemed to be interested in the Shares held by Suhang Investment Holdings Limited.
- (6) Zhang Dan holds the entire issued share capital of Aurum Thrive Limited. Aurum Thrive Limited directly holds 57,232,401 H Shares. According to the SFO, Zhang Dan is deemed to be interested in the Shares held by Aurum Thrive Limited.
- (7) Mia Chen holds 100% equity interest in Huijin Capital Limited. Huijin Capital Limited directly holds 60,167,559 H Shares. According to the SFO, Mia Chen is deemed to be interested in the Shares held by Huijin Capital Limited.
- (8) L represents long positions.
- (9) Under Part XV of the SFO, disclosure of interest forms shall be submitted by Shareholders of the Bank upon satisfaction of certain conditions. If there are changes in the Shareholders' shareholdings in the Bank, Shareholders are not required to inform the Bank and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be a difference between the substantial Shareholders' latest shareholdings in the Bank and the information on their shareholdings submitted to the Hong Kong Stock Exchange. Information set out in the above table is mainly based on the disclosure of interests forms submitted by the relevant Shareholders.

Save as disclosed above, as at June 30, 2023, the Bank is not aware of any other person, other than the Directors, Supervisors and chief executive of the Bank, who had interests or short positions in the Shares and underlying Shares of the Bank, which were required to be recorded in the register of interests maintained by the Bank pursuant to section 336 of Part XV of the SFO, and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.



## Chapter 5 Changes in Share Capital and Particulars of Shareholders

### (III) Shareholders Holding 5% or More of the Share Capital

Please refer to “II. Particulars of Shareholders – (II) Interests and Short Positions of Substantial Shareholders and Other Persons” of this chapter for information on Shareholders holding 5% or more of the share capital of the Bank.

### (IV) Particulars of Controlling Shareholder and Actual Controller

The shareholding structure of the Bank is diversified and the Bank does not have a controlling Shareholder or actual controller.

As of the Latest Practicable Date, the largest Shareholder of the Bank is Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), holding 487,618,170 Domestic Shares of the Bank and representing 9.61% of the total issued share capital of the Bank.

# Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

## I. Information on Directors, Supervisors and Senior Management Members

As at the Latest Practicable Date, the information of the Directors, Supervisors and senior management members of the Bank is as follows:

### Directors

Name	Age	Position	Date of appointment as Director	Expiration of the term of office	Responsibilities
Mr. Guo Ce (郭策)	55	Chairman <sup>(1)</sup> , Executive Director	September 2023	June 2024	Responsible for overall operations and strategic management, make material decisions and develop the business strategy
Mr. Liang Xiangmin (梁向民)	57	Vice Chairman, Executive Director	April 2016	June 2024	Participate in making material business decisions and developing the business development strategy
Mr. Yuan Chunyu (袁春雨)	51	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	December 2012	June 2024	Participate in making material business decisions and developing the business development strategy, in charge of the management of the Board's office, general office and management department of village and township banks
Mr. Cui Qiang (崔強)	58	Non-executive Director	August 2019	June 2024	Participate in making major business decisions and advise on issues relating to audit, related party transactions and nomination and remuneration of Directors, Supervisors and senior management
Mr. Zhang Yusheng (張玉生)	73	Non-executive Director	April 2015	June 2024	Same as above
Mr. Wu Shujun (吳樹君)	64	Non-executive Director	December 2012	June 2024	Same as above
Mr. Zhang Lixin (張立新)	46	Non-executive Director	August 2021	June 2024	Same as above
Ms. Wang Ying (王瑩)	39	Non-executive Director	August 2021	June 2024	Same as above

- (1) On March 30, 2023, the Board of the Bank recommended Mr. Guo Ce to perform the obligations of the Chairman on behalf. On June 16, 2023, the Board elected Mr. Guo Ce as the Chairman of the fifth session of the Board of the Bank with a term of office commencing from the date of his qualification as the Chairman being approved by regulatory authorities until the expiry of the fifth session of the Board of Directors. As of the Latest Practicable Date, the qualification of Mr. Guo Ce as the Chairman remains subject to the approval by regulatory authorities.

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

Name	Age	Position	Date of appointment as Director	Expiration of the term of office	Responsibilities
Ms. Zhang Qiuhua (張秋華)	60	Independent Non-executive Director	August 2019	June 2024	Participate in making major business decisions, developing the business development strategy and advise on issues relating to related party transactions, audit and nomination and remuneration of Directors, Supervisors and senior management
Ms. Han Lirong (韓麗榮)	60	Independent Non-executive Director	August 2021	June 2024	Same as above
Ms. Jin Xiaotong (金曉彤)	59	Independent Non-executive Director	August 2021	June 2024	Same as above
Mr. Sun Jiafu (孫甲夫)	51	Independent Non-executive Director	August 2021	June 2024	Same as above
Mr. Fong Wai Kuk Dennis (方緯谷)	46	Independent Non-executive Director	September 2021	June 2024	Same as above

### Supervisors

Name	Age	Position	Date of appointment as Supervisor	Expiration of the term of office	Responsibilities
Mr. Luo Hui (羅輝)	51	Chairman of the Board of Supervisors, Employee Supervisor	December 2008	June 2024	Take charge of the work of the Board of Supervisors and supervision of the Board of Directors and senior management on behalf of the employees
Mr. Wang Enjiu (王恩久)	54	Employee Supervisor	December 2008	June 2024	Supervision of the Board of Directors and senior management on behalf of the employees
Mr. Liu Xiangjun (劉向軍)	47	Employee Supervisor	December 2015	June 2024	Same as above
Ms. Dai Yundi (戴昀弟)	60	Non-employee Supervisor	June 2021	June 2024	Supervision of the Board of Directors and senior management
Mr. Liu Jianxin (劉建新)	53	Non-employee Supervisor	June 2021	June 2024	Same as above
Mr. Dong Shuaibing (董帥兵)	51	Non-employee Supervisor	June 2021	June 2024	Same as above
Ms. Hu Guohuan (胡國環)	60	Shareholder Supervisor	June 2021	June 2024	Same as above

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

### Senior Management

Name	Age	Position	Date of appointment as senior management	Expiration of the term of office	Responsibilities
Mr. Chen Xinzhe (陳新哲)	52	President	June 2021	June 2024	Responsible for the overall management of the business operations, in charge of financial accounting, risk management, human resources, the party and masses department, etc.
Mr. Li Guoqiang (李國強)	54	Vice President	December 2008	June 2024	Responsible for the management of business operations of branches within the Jiutai region, in charge of the Three Rurals Financial Department and the Security Department
Mr. Yuan Chunyu (袁春雨)	51	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	December 2012	June 2024	Participate in making material business decisions and developing the business development strategy, in charge of the management of the Board's office, general office and management department of village and township banks
Mr. Du Ping (杜平)	55	Vice President <sup>(1)</sup>	August 2021	June 2024	Responsible for the business operations and management of branches outside the Jiutai region, in charge of financial interbank center, international business, legal and compliance, asset preservation and other departments or offices
Ms. Sun Haijuan (孫海娟)	50	Vice President <sup>(2)</sup>	-	June 2024	-
Mr. Qin Lei (秦磊)	40	Assistant to the President	August 2022	June 2024	Responsible for assisting the management of business operations of branches within the Jiutai region
Ms. Ding Wei (丁巍)	45	Assistant to the President <sup>(3)</sup>	-	June 2024	-

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

*Notes:*

- (1) On June 7, 2022, the Board of the Bank resolved to appoint Mr. Du Ping as the vice president of the Bank and his term of office shall commence on the date on which his qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Mr. Du Ping as the vice president remains subject to the approval of regulatory authorities.
- (2) On June 16, 2023, the Board of the Bank resolved to appoint Ms. Sun Haijuan as the vice president of the Bank and her term of office shall commence on the date on which her qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Ms. Sun Haijuan as the vice president remains subject to the approval of regulatory authorities.
- (3) On August 30, 2023, the Board of the Bank resolved to appoint Ms. Ding Wei as the assistant to the President of the Bank and her term of office shall commence on the date on which her qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Ms. Ding Wei as the assistant to the President remains subject to the approval of regulatory authorities.



## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

### II. The Fifth Session of the Board and the Board of Supervisors

#### The Fifth Session of the Board

The term of office of the Directors of the fifth session of the Board of the Bank will be three years, which commenced in June 2021 and will end on the expiry of the term of the fifth session of the Board.

As at the Latest Practicable Date, the members of the fifth session of the Board of the Bank include:

- Mr. Guo Ce (Chairman, executive Director) <sup>(1)</sup>
- Mr. Liang Xiangmin (Vice Chairman, executive Director)
- Mr. Yuan Chunyu (executive Director, Vice President, Secretary to the Board and Joint Company Secretary)
- Mr. Cui Qiang (non-executive Director)
- Mr. Zhang Yusheng (non-executive Director)
- Mr. Wu Shujun (non-executive Director)
- Mr. Zhang Lixin (non-executive Director)

*Note:*

- (1) The qualification of Mr. Guo Ce as the Chairman remains subject to the approval by regulatory authorities.

## **Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations**

- Ms. Wang Ying (non-executive Director)
- Ms. Zhang Qihua (independent non-executive Director)
- Mr. Fong Wai Kuk Dennis (independent non-executive Director)
- Ms. Han Lirong (independent non-executive Director)
- Ms. Jin Xiaotong (independent non-executive Director)
- Mr. Sun Jiafu (independent non-executive Director)

### **The Fifth Session of the Board of Supervisors**

The term of office of the Supervisors of the fifth session of the Board of Supervisors of the Bank is three years, which commenced in June 2021 and will end on the expiry of the term of the fifth session of the Board of Supervisors.

As at the Latest Practicable Date, the members of the fifth session of the Board of Supervisors of the Bank include:

- Mr. Luo Hui (Chairman of the Board of Supervisors, employee Supervisor)
- Mr. Wang Enjiu (employee Supervisor)
- Mr. Liu Xiangjun (employee Supervisor)
- Ms. Dai Yundi (non-employee Supervisor)
- Mr. Liu Jianxin (non-employee Supervisor)
- Mr. Dong Shuaibing (non-employee Supervisor)
- Ms. Hu Guohuan (Shareholder Supervisor)

## **Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations**

### **III. Changes in Directors, Supervisors and Senior Management Members**

#### **(I) Changes in Directors**

The Board of the Bank received a resignation report from Mr. Gao Bing on March 17, 2023. Mr. Gao Bing resigned from the positions of executive Director, Chairman of the Bank, the chairman of the Strategy and Development Committee of the Board and the chairman of the Three Rurals Financial Services Committee of the Board, etc., due to the relevant regulation regarding expiration of the term of office as a key personnel, effective immediately.

On March 30, 2023, the Board has considered and approved the resolution in relation to the nomination of Mr. Guo Ce as the candidate for executive Director of the Bank. In order to guarantee the normal operation of the Bank, on March 30, 2023, the Board recommended Mr. Guo Ce to perform the obligations of the Chairman on behalf. On June 16, 2023, the election of Mr. Guo Ce as an executive Director of the Bank was considered and approved at the annual general meeting of the Bank with a term of office commencing from the date of his qualification being approved by regulatory authorities until the expiry of the fifth session of the Board of Directors. Following the annual general meeting, the Board elected Mr. Guo Ce as the Chairman of the fifth session of the Board of the Bank with a term of office commencing from the date of his qualification as the Chairman being approved by regulatory authorities until the expiry of the fifth session of the Board of Directors. On September 6, 2023, Jilin Bureau of the National Administration of Financial Regulation approved the qualification of Mr. Guo Ce as a director. As of the Latest Practicable Date, the qualification of Mr. Guo Ce as the Chairman remains subject to the approval by regulatory authorities. For details of above matters, please refer to the announcements of the Bank dated March 17, 2023, March 30, 2023, June 16, 2023 and September 8, 2023.

Save as disclosed above, there were no other changes in Directors of the Bank during the Reporting Period and as of the Latest Practicable Date.

#### **(II) Changes in Supervisors**

There were no changes in the Supervisors of the Bank during the Reporting Period and as of the Latest Practicable Date.

## **Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations**

### **(III) Changes in Senior Management Members**

On June 7, 2022, the Board of the Bank resolved to appoint Mr. Du Ping as the vice president of the Bank and his term of office shall commence on the date on which his qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Mr. Du Ping as the vice president is still subject to the approval of regulatory authorities.

On June 16, 2023, the Board of the Bank resolved to appoint Ms. Sun Haijuan as the vice president of the Bank and her term of office shall commence on the date on which her qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Ms. Sun Haijuan as the vice president is still subject to the approval of regulatory authorities.

On August 30, 2023, the Board of the Bank resolved to appoint Ms. Ding Wei as the assistant to the president of the Bank and her term of office shall commence on the date on which her qualification is approved by regulatory authorities and end on the date of the expiry of the term of office of the fifth session of the Board. As of the Latest Practicable Date, the qualification of Ms. Ding Wei as the assistant to the president is still subject to the approval of regulatory authorities.

Due to the reason of age, Mr. Zhu Weidong applied for resignation as the vice president. On March 30, 2023, the Board of the Bank resolved to dismiss Mr. Zhu Weidong as the vice president.

Due to personal health reason, Mr. Gao Zhonghua applied for resignation as the vice president. On June 16, 2023, the Board of the Bank resolved to dismiss Mr. Gao Zhonghua as the vice president.

Save for the above changes, there were no other changes in the Bank's senior management members during the Reporting Period and as of the Latest Practicable Date.

## **Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations**

### **IV. Changes in Directors, Supervisors and President Required to be Disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules**

The Bank is not aware of any changes in Directors, Supervisors or president required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period and as of the Latest Practicable Date.

### **V. Remuneration Policies for Directors, Supervisors, Senior Management Members and Employees**

Under the guidance of the relevant policies of the PRC, the Bank continues to improve the performance-based remuneration system for Directors, Supervisors, senior management members and employees. The Board is responsible for the Bank's remuneration management system and design of policies. The Remuneration Committee under the Board is responsible for the formulation of remuneration policies and systems, and is responsible for evaluating the performance of senior management and overseeing the implementation of the compensation system. The remuneration at each level of the Bank is linked to the operating performance and risk control assessment results, and the Board issues an operating target plan to the management every year. By setting the operating targets, the Board conveys the Board's strategic development guidance and risk appetite to the management to ensure sound development and stable operation. The management decomposes and implements the management targets to the business departments and branches, and links the remuneration to the management targets, and pays the remuneration according to the assessment results after level-by-level assessment.

The remuneration system for the Directors, Supervisors and senior management members of the Bank adheres to the principle of unifying their responsibilities, authorities and interests, combing incentives and restraints and focusing on both short-term and long-term incentives. The Bank insists on conducting remuneration system reform complementary with the relevant reform and promoting the marketization, monetization and standardization of the income allocation of the Group's senior management.

The Bank offers its executive Directors, employee representative Supervisors and senior management members, who are also the Bank's employees, compensation in the form of salaries, bonuses, social insurances, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors receive compensation based on their responsibilities.

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

The Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank implements the management of deferred performance pay for senior management and employees in positions that have significant risk impact. The proportion of deferred payment of remuneration for senior management is 50% of the performance remuneration in the year, and the proportion of deferred payment of performance remuneration for other employees is 40% of the performance remuneration in the year. The period of deferred payment of performance remuneration is generally three years. The deferred performance compensation is paid in 3-year installments in the ratio of 3:3:4 from the following year onwards. During the Reporting Period, there was no withholding for any reason.

### VI. Other Information Required under Rule 13.51(2) of the Hong Kong Listing Rules

Mr. Zhang Yusheng (張玉生) was a director of Jilin Huaxing New Construction Materials Co., Ltd. (吉林華星新型建築材料有限責任公司), a limited liability company incorporated in the PRC on April 25, 2006, which was mainly engaged in the production, wholesale and retail of non-burnt bricks and wall panels and dissolved by way of deregistration on September 2, 2015. Mr. Zhang confirmed that there is no wrongful act on his part leading to the dissolution, nor is he aware of any actual or potential claim that has been or will be made against him as a result of the dissolution, that his involvement in the operation of the above company was mainly due to his duties as a director of the company and that no misconduct or misfeasance had been involved in the dissolution of the company, and the company was solvent at the time of dissolution or deregistration.

### VII. Securities Transactions by Directors, Supervisors and Senior Management

The Bank has adopted, in respect of securities transactions by Directors, Supervisors and senior management members, a code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Hong Kong Listing Rules.

Having made specific enquiries to all Directors, Supervisors and senior management members of the Bank, the Bank confirmed that they had complied with the Model Code during the Reporting Period.

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

### VIII. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures of the Bank and Its Associated Corporations

Save as disclosed below, as of the end of the Reporting Period, none of the Directors, Supervisors or chief executive of the Bank had any interests and short positions in the Shares, underlying Shares or debentures of the Bank or any associated corporations (within the meaning of Part XV of the SFO) which shall be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which are taken or deemed to be held under such provisions of the SFO), or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Hong Kong Listing Rules to be notified to the Bank and the Hong Kong Stock Exchange or which would be required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Bank referred to therein.

Name	Position in the Bank	Class of Shares	Nature of Interest	Number of Shares	Percentage of Domestic Shares <sup>(1)</sup> (%)	Percentage of the total share capital of the Bank <sup>(1)</sup> (%)
Yuan Chunyu	Executive Director, Vice President, Secretary to the Board and Joint Company Secretary	Domestic Shares	Beneficial owner	60,815 (L) <sup>(2)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
Zhang Yusheng	Non-executive Director	Domestic Shares	Interest in controlled corporation	417,742,818 (L) <sup>(2)</sup>	10.17	8.23
Wu Shujun	Non-executive Director	Domestic Shares	Interest in controlled corporation	140,805,193 (L) <sup>(2)</sup>	3.43	2.77
Hu Guohuan	Shareholder Supervisor	Domestic Shares	Beneficial owner	4,001,953 (L) <sup>(2)</sup>	0.10	0.08

Notes:

- (1) As at June 30, 2023, the Bank had a total of 5,074,191,569 Shares in issue, including 4,107,690,457 Domestic Shares and 966,501,112 H Shares.
- (2) L represents long positions.
- (3) The percentage is rounded to two decimals.

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

### IX. Employee, Employee Compensation Policy and Employee Training Program

#### (I) Staff Composition

As at June 30, 2023, the Group had 6,638 employees. The table below sets forth its number of full-time employees by function as of the same date:

	Number of Employees	Percentage (%)
Retail banking	2,998	45.16
Management	835	12.58
Finance and accounting	906	13.65
Corporate banking	971	14.63
Risk management, internal audit and legal and compliance	255	3.84
Treasury operations	66	0.99
Information technology	65	0.98
Others	542	8.17
<b>Total</b>	<b>6,638</b>	<b>100.00</b>

As at June 30, 2023, more than 60% of the Group's employees had a bachelor's degree or higher.

In addition to full-time employees, as of June 30, 2023, the Group also had 117 contract staff from third-party human resources agencies. These contract staff are not the Group's employees. Instead, they have entered into employment contracts with third-party human resources agencies. They generally serve in non-key positions, such as bank tellers and customer service officers. The Bank and the subsidiaries make advance payments to the third-party agencies, which then pay salaries to and make social security contributions for contract staff.



## **Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations**

### **(II) Employee Remuneration**

The Group conducts performance evaluations of employees annually to provide feedback on performance. Compensation for full-time employees of the Group typically consists of a base salary and a discretionary bonus. The Group determines employee discretionary bonuses at the end of each year based on employee performance and its results of operations.

The Group's full-time employees participate in various employee benefit plans, such as pension insurance, medical insurance, work related injury insurance, unemployment insurance, maternity insurance, housing funds and corporate annuity funds. In addition, the Group provides supplementary medical insurance to its employees.

According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated regularly on a certain percentage of the remuneration cost and paid to the relevant labor and social welfare authorities. The Group cannot withdraw or utilize its fund contribution made to the defined contribution plans under any circumstance.

### **(III) Employee Training Program**

The Group focuses on employee career development and provide training programs tailored to employees in different business lines. The Bank has built a specific team of internal trainers. The Bank also collaborates with PRC institutions of higher education to recruit and train employees. For example, the Bank has established a training center to enhance employee professional skills. The Bank emphasizes internal recruiting and employee training. The Bank has launched various initiatives to select and train outstanding management personnel and provide employees with opportunities to enhance professional knowledge and develop leadership skills.

### **(IV) Labor Union**

The Bank and each subsidiary have a labor union established in accordance with PRC laws and regulations. The Bank believes that the Bank and each subsidiary have maintained a good working relationship with its employees. As of the Latest Practicable Date, none of the Bank nor any of the Group's subsidiaries had experienced any labor strikes or other labor disturbances that materially affected the Group's operations or public image.

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

### X. SUBSIDIARIES

Subsidiaries	Places of business	Remarks
Hanshan Huimin Town Bank Co., Ltd. (含山惠民村鎮銀行有限責任公司)	2# Floor, Zone C, Jinxiu Hua Cheng, North Baochanshan Road, Huanfeng Town, Hanshan County, Ma'anshan City, Anhui Province, PRC	5 sub-branches
Shuangcheng Huimin Village Bank Co., Ltd. (雙城惠民村鎮銀行有限責任公司)	Building Complex, Longsheng South District, Fada Road, Shuangcheng City, Heilongjiang Province, PRC	4 sub-branches
Tongcheng Huimin Village Bank Co., Ltd. (通城惠民村鎮銀行有限責任公司)	59 Jiefang East Road, Junshui Town, Tongcheng County, Hubei Province, PRC	2 sub-branches
Gaomi Huimin Village and Township Bank Co., Ltd. (高密惠民村鎮銀行有限責任公司)	No. 1567, Kangcheng Street East, Chaoyang Street, Gaomi Town, Weifang City, Shandong Province, PRC	8 sub-branches
Wuchang Huimin Village Bank Co., Ltd. (五常惠民村鎮銀行有限責任公司)	Block 1, Guanye Guojijie District, Yachen Road, Wuchang City, Heilongjiang Province, PRC	3 sub-branches
Yun'an Huimin Village Bank Co., Ltd. (雲安惠民村鎮銀行股份有限公司)	62 Jixiang Road, Yun'an District, Yunfu City, Guangdong Province, PRC	
Lu Jiang Hui Min Town Bank Co., Ltd. (廬江惠民村鎮銀行有限責任公司)	Block 18, Fenghuang City, Jun'er West Road, Lujiang County, Hefei City, Anhui Province, PRC	5 sub-branches
Qingdao Pingdu Huimin Village Bank Co., Ltd. (青島平度惠民村鎮銀行股份有限公司)	27 Hongqi Road, Pingdu City, Qingdao City, Shandong Province, PRC	8 sub-branches
Da'an Huimin Village Bank Co., Ltd. (大安惠民村鎮銀行有限責任公司)	54 Renmin Road, Da'an City, Jilin Province, PRC	4 sub-branches
Changchun Nanguan Hui Min Village Bank Co., Ltd. (長春南關惠民村鎮銀行有限責任公司)	Shop 105-111 of Block 32, Shop 105-106 of Block 33, Haojing Villa, Yatai Street, Nanguan District, Changchun City, Jilin Province, PRC	4 sub-branches
Huimin Village Bank Company Limited of Ancì, Langfang (廊坊市安次區惠民村鎮銀行股份有限公司)	39 Guangming West Road, Ancì District, Langfang City, Hebei Province, PRC	4 sub-branches
Guangzhou Huangpu Huimin Village and Township Bank Co., Ltd. (廣州黃埔惠民村鎮銀行股份有限公司)	Unit 101 of No. 10, Unit 201 of No. 10, Unit 201 of No. 12, Kehui Fourth Street, Huangpu District, Guangzhou City, Guangdong Province, PRC	3 sub-branches
Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司)	North of East Section, Fenghuang West Road, Heyang County, Weinan City, Shaanxi Province, PRC	4 sub-branches

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

Subsidiaries	Places of business	Remarks
Huadian Huimin Village Bank Co., Ltd. (樺甸惠民村鎮銀行股份有限公司)	316 Huadian Street, Huadian City, Jilin Province, PRC	5 sub-branches
Jilin Fengman Huimin Village Bank Co., Ltd. (吉林豐滿惠民村鎮銀行股份有限公司)	121 Jilin Street, Fengman District, Jilin City, Jilin Province, PRC	10 sub-branches
Jingmen Dongbao Huimin Village Bank Co., Ltd. (荊門東寶惠民村鎮銀行股份有限公司)	82 Xiangshan Street, Dongbao District, Jingmen City, Hubei Province, PRC	4 sub-branches
Qingyuan Qingxin Huimin Village Bank Co., Ltd. (清遠清新惠民村鎮銀行股份有限公司)	102#, 66 Qingxin Street, Taihe Town, Qingxin District, Qingyuan City, Guangdong Province, PRC	1 sub-branch
Wenan Huimin Village Bank Co., Ltd. (文安縣惠民村鎮銀行股份有限公司)	West of Min'an Road and North of Gucheng South Street, Wen'an County, Langfang City, Hebei Province, PRC	8 sub-branches
Wuhua Huimin Village Bank Co., Ltd. (五華惠民村鎮銀行股份有限公司)	Headquarters business building, the side of Jincheng Avenue (Daling village), Shuizhai Town, Wuhua County, Meizhou City, Guangdong Province, PRC	4 sub-branches
Qianan Huimin Village Bank Co., Ltd. (乾安惠民村鎮銀行有限責任公司)	Caishui Jiayuan Neighborhood, Yuzhou West Road, Qian'an County, Jilin Province, PRC	5 sub-branches
Changchun Gaoxin Huimin Village Bank Co., Ltd. (長春高新惠民村鎮銀行有限責任公司)	Room 101, Block 16a, Baolai Yaju, 999 Guanggu Street, Gaoxin District, Changchun City, Jilin Province, PRC	5 sub-branches
Baicheng Taobei Huimin Village Bank Co., Ltd. (白城洮北惠民村鎮銀行股份有限公司)	Block 2, Siji Huacheng, 299 Guangming South Street, Taobie District, Baicheng City, Jilin Province, PRC (Shops 4, 5 and 6, District A, Zuanshi Siji Huacheng)	4 sub-branches
Fuyu Huimin Village Bank Co., Ltd. (扶餘惠民村鎮銀行股份有限公司)	222 Yucai South Street, Fuyu City, Jilin Province, PRC	4 sub-branches
Taonan Huimin Village Bank Co., Ltd. (洮南惠民村鎮銀行股份有限公司)	1098 Tuanjie West Road, Taonan City, Jilin Province, PRC	3 sub-branches
Tianjin Binhai Huimin Village Bank Co., Ltd. (天津濱海惠民村鎮銀行股份有限公司)	322-324 East Century Street, Binhai New District, Tianjin City, PRC	12 sub-branches
Jilin Chuanying Huimin Village Bank Co., Ltd. (吉林船營惠民村鎮銀行股份有限公司)	Outlets Nos. 1, 3, 4, 116 Guangze Amethyst City, 8 Huangqi Road, Chuanying District, Jilin City, Jilin Province, PRC	5 sub-branches

## Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

Subsidiaries	Places of business	Remarks
Leizhou Huimin Village Bank Co., Ltd. (雷州惠民村鎮銀行股份有限公司)	021 Leihu South Road, Leicheng Town, Leizhou City, Guangdong Province, PRC	
Songyuan Ningjiang Huimin Village Bank Company Limited (松原寧江惠民村鎮銀行股份有限公司)	2099 Wulan Street, Ningjiang District, Songyuan City, Jilin Province, PRC	10 sub-branches
Anping Huimin Village Bank Co., Ltd. (安平惠民村鎮銀行股份有限公司)	8 Xima Road, Anping County, Hebei Province, PRC	4 sub-branches
Huidong Huimin Village Bank Co., Ltd. (惠東惠民村鎮銀行股份有限公司)	66-71 Jinzuan Street, Zhonghang City, Huaqiao City, Pingshan Town, Huidong County, Huizhou City, Guangdong Province, PRC	5 sub-branches
Lingshui Huimin Village Bank Co., Ltd. (陵水惠民村鎮銀行股份有限公司)	No. 102, Erheng Road, Binhe South, Lingshui County, Hainan Province, PRC	2 sub-branches
Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司)	Dongdu Mansion, 1350 Jiefang Si Road, Sanya City, Hainan Province, PRC	
Qingdao Jimo Huimin Village Bank Co., Ltd. (青島即墨惠民村鎮銀行股份有限公司)	878 Heshan Road, Jimo City, Shandong Province, PRC	5 sub-branches
Jiutai Longjia Village Bank Co., Ltd. (九台龍嘉村鎮銀行股份有限公司)	Block 4, Sunshine Garden, Intersection of Shuguang Street and Qianjin Road, Jiutai City, Jilin Province, PRC	4 sub-branches
Jilin Jiuyin Financial Leasing Co., Ltd. (吉林九銀金融租賃股份有限公司)	5-7/F, Block 2, Changchun Zhengda Lifang Tower, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC	

# Chapter 7 Significant Events

## I. Corporate Governance Code

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

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

The Bank has incorporated the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Part II of Appendix 14 to the Hong Kong Listing Rules and the Corporate Governance Guidelines for Banking and Insurance Institutions (the “**Guidelines**”) issued by the former CBIRC into the Bank's governance structure and policies. The Code of Corporate Governance and the Guidelines are well reflected in the Articles of Association and the rule of procedure for the Shareholders' general meeting, meetings of the Board of Directors and the committees under the Board of Directors. The Bank's Shareholders' general meeting, the Board of Directors and the Board of Supervisors perform their respective duties and form good corporate governance structure. The Bank closely monitors its operation to ensure it complies with the relevant requirements under applicable laws, regulations, codes, guidelines and the Bank's internal policies.

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

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

## **Chapter 7 Significant Events**

### **II. Earnings and Dividends**

#### **(I) Final dividends for 2022**

The Board does not recommend any distribution of final dividends for the year ended December 31, 2022.

#### **(II) Interim dividends for 2023**

Revenue of the Bank for the six months ended June 30, 2023 and the financial position of the Bank as at the same date are set out in the financial statements in this interim report.

The Board does not recommend any distribution of interim dividends for 2023.

### **III. Amendments to the Articles of Association**

In order to continuously improve the Bank's corporate governance, according to the Company Law of the People's Republic of China, the Corporate Governance Guidelines for Banking and Insurance Institutions and other relevant laws and regulations and in combination with the Bank's actual situation, the Bank made amendments to the Articles of Association. Such amendments were approved by the Shareholders at the annual general meeting of 2022 of the Bank held on June 16, 2023.

The above amendments to the Articles of Association have obtained the approval from Jilin Bureau of the National Administration of Financial Regulation, which was effective from September 6, 2023. For details of the amendments, investors may refer to the circular of the Bank dated April 27, 2023 and the announcement dated September 8, 2023 on the website of the Bank ([www.jtnsh.com](http://www.jtnsh.com)) and the designated website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

### IV. Proposed Private Placement of Domestic Shares and Non-public Issuance of H Shares

Based on the actual need of capital by the Bank, the Bank intended to replenish its core tier-1 capital by way of the issuance of new shares to support future business development of the Bank, ensure the continuous compliance of the Bank's capital level with the regulatory requirements and better support the real economy. The resolutions in relation to the private placement of Domestic Shares (the "**Private Placement of Domestic Shares**") and the non-public issuance of H Shares (the "**Non-public Issuance of H Shares**") of the Bank had been approved by the Board at the Board meeting held on July 12, 2018. The Private Placement of Domestic Shares and the Non-public Issuance of H Shares were conditional upon each other so as to maintain the minimum public float.

#### (I) Private Placement of Domestic Shares

The Bank intended to issue 200,000,000 to 400,000,000 Domestic Shares to no more than 10 qualified domestic institutional investors. The actual number of Domestic Shares to be issued shall be subject to the approval of the regulatory authorities.

#### (II) Non-public Issuance of H Shares

The Bank intended to issue no more than 151,800,000 H Shares to no more than 10 investors who were qualified to subscribe for the H Shares of the Bank. The actual number of H Shares to be issued shall be subject to the approval of the regulatory authorities, market conditions and the actual requirement of the Bank.

## Chapter 7 Significant Events

The resolutions in relation to the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the second extraordinary general meeting of 2018, the first domestic share class meeting of 2018 and the first H share class meeting of 2018 held on September 5, 2018. Resolutions regarding the extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the first extraordinary general meeting of 2019, the second domestic share class meeting of 2019 and the second H share class meeting of 2019 of the Bank held on October 24, 2019. Resolutions regarding the extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the first extraordinary general meeting of 2020, the second domestic share class meeting of 2020 and the second H share class meeting of 2020 of the Bank held on October 22, 2020. Resolutions regarding the extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Nonpublic Issuance of H Shares were considered and approved at the annual general meeting of 2020, the first domestic share class meeting of 2021 and the first H share class meeting of 2021 held on June 18, 2021. The resolutions regarding the adjustment on the Plans on the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the Board meeting held on August 30, 2021, pursuant to which, the Board adjusted and updated the issue price and other matters under the Plans on the Private Placement of Domestic Shares and the Non-public Issuance of H Shares based on market conditions and actual situation of the Bank. As the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares expired on June 18, 2022, resolutions regarding the extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the Board meeting of the Bank held on March 30, 2022 as well as the annual general meeting of 2021, the first domestic share class meeting of 2022 and the first H share class meeting of 2022 of the Bank held on June 17, 2022. For details of the Private Placement of Domestic Shares and the Non-public Issuance of H Shares, please refer to the announcements dated July 12, 2018, August 23, 2019, August 28, 2020, March 30, 2021, August 30, 2021, September 30, 2021 and March 30, 2022, and the circulars dated August 15, 2018, September 13, 2019, September 30, 2020, May 7, 2021 and April 27, 2022 of the Bank, respectively.

The validity period of the issue plans and relevant authorization resolutions for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares expired on June 18, 2023. As of the Latest Practicable Date, the Bank has not issued any new Domestic Shares or H Shares.



## Chapter 7 Significant Events

### V. Issuance of Bonds

For the six months ended June 30, 2023, the information of the issued bonds of the Bank is as follows:

From January 1, 2023 to June 30, 2023, the Bank issued 1 tranche of zero-coupon interbank certificates, with an aggregate face value of RMB500.0 million. The interbank certificates have a term of one year and bear effective interest rate of 2.85%.

### VI. Purchase, Sale and Redemption of Listed Securities of the Bank

During the Reporting Period, the Bank and any of its subsidiaries had not purchased, sold or redeemed any of the Bank's listed securities.

### VII. Related Party Transactions

During the Reporting Period, there was no material related party transaction which had adversely affected the operating results and financial condition of the Bank.

### VIII. Material Litigations and Arbitrations

The Bank and each of its subsidiary banks are involved in legal disputes in the ordinary course of business, which primarily include actions against borrowers for the recovery of loans. As of the Latest Practicable Date, none of the Bank or any of its subsidiary banks was involved in any material pending lawsuits as a defendant.

### IX. Penalty against the Bank and the Directors, Supervisors and Senior Management of the Bank

During the Reporting Period, none of the Bank or any of its Directors, Supervisors, or senior management had been subject to any investigation, administrative penalty or criticism by the National Administration of Financial Regulation and public condemnation by the Hong Kong Stock Exchange, or any penalty imposed by other regulators which had material impact on the Bank's operation.

## Chapter 7 Significant Events

### X. Public Float

During the initial public offering of the Bank's H Shares, the Bank has applied to the Hong Kong Stock Exchange to ask the Hong Kong Stock Exchange to exercise its discretion to waive the requirement under Rule 8.08(1)(d) of the Hong Kong Listing Rules, and the Hong Kong Stock Exchange has granted the Bank a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Hong Kong Listing Rules. According to the waiver granted by the Hong Kong Stock Exchange, the minimum public float of the Bank will be the highest of:

- (1) 16.9% of the Bank's total issued share capital;
- (2) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming the over-allotment option has not been exercised); and
- (3) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming the over-allotment option has been exercised).

Immediately after the issue and allotment by the Bank and the sale by the selling Shareholders of the over-allotment Shares due to full exercise of the over-allotment option, the number of H Shares in public hands represents 19.05% of the total issued share capital of the Bank, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1)(a) of the Hong Kong Listing Rules.

Based on the publicly available information and as far as the Directors were aware, as of the Latest Practicable Date, the public float of H Shares of the Bank was 19.05%, which was in compliance with the requirement specified in the waiver granted by the Hong Kong Stock Exchange.

## Chapter 7 Significant Events

### XI. Appointment of External Auditor

As considered and approved by the Shareholders at the annual general meeting of 2022 held on June 16, 2023, the Bank has appointed CAC CPA Limited Liability Partnership as the domestic external auditor of the Bank for 2023 to provide auditing services in the PRC in accordance with the PRC GAAP, and SHINEWING (HK) CPA Limited as the international external auditor of the Bank for 2023 to provide auditing and review services overseas in accordance with the IFRS.

The terms of office of the above two external auditors shall commence from the date of approval of the resolution on the engagement of external auditing firms for 2023 by the annual general meeting of 2022 (i.e. June 16, 2023) and shall expire at the conclusion of the Bank's annual general meeting for 2023.

### XII. Acquisitions and Disposals of Assets and Business of Subsidiaries and Associates/ Corporate Mergers

During the Reporting Period, the Bank had not conducted significant and other acquisition or disposal of assets/businesses of its subsidiaries or associates/corporate mergers.

### XIII. Event after the Reporting Period

Save as disclosed in this report, no event of significance occurred subsequent to the Reporting Period.

### XIV. Review of Interim Report

The financial statements disclosed in this interim report have not been audited. The interim financial statements for the six months ended June 30, 2023 prepared by the Bank under the IFRS issued by the International Accounting International Standards Board have been reviewed by SHINEWING (HK) CPA Limited in accordance with the Hong Kong Standard on Review Engagements 2410. This interim report has been reviewed and adopted by the Board and the audit committee under the Board.



## **Chapter 7 Significant Events**

### **XV. Publication of 2023 Interim Report**

The Bank has prepared its 2023 interim report in accordance with the Hong Kong Listing Rules and the IFRS, which is available on the HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and website of the Bank ([www.jtnsh.com](http://www.jtnsh.com)).

In this interim report, the financial data for the six months ended June 30, 2022 and the six months ended June 30, 2023 have not been audited, while the financial data for the year ended December 31, 2022 have been audited.

# Chapter 8 Report on Review of Condensed Consolidated Financial Statements



SHINEWING (HK) CPA Limited  
17/F, Chubb Tower, Windsor House,  
311 Gloucester Road,  
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司  
香港銅鑼灣告士打道311號  
皇室大廈安達人壽大樓17樓

## TO THE BOARD OF DIRECTORS OF JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED

吉林九台農村商業銀行股份有限公司

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

### Introduction

We have reviewed the condensed consolidated financial statements of Jilin Jiutai Rural Commercial Bank Corporation Limited (the “Bank”) and its subsidiaries set out on pages 117 to 201, which comprise the condensed consolidated statement of financial position as at 30 June 2023, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

## **Chapter 8 Report on Review of Condensed Consolidated Financial Statements (continued)**

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

### **Cheung Wang Kei**

Practising Certificate Number: P07788

Hong Kong

30 August 2023

# Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income		6,533,555	6,759,518
Interest expenses		(4,116,446)	(3,811,888)
Net interest income	4	2,417,109	2,947,630
Fee and commission income		39,414	63,092
Fee and commission expenses		(31,745)	(32,676)
Net fee and commission income	5	7,669	30,416
Net trading gains	6	43,142	65,433
Dividend income		854	21,398
Net gains arising from investment securities	7	80,138	32,296
Net exchange gains		2,368	4,843
Other operating (expenses) income, net	8	(33,811)	49,834
Operating income		2,517,469	3,151,850
Operating expenses	9	(1,380,141)	(1,322,185)
Impairment losses on assets	10	(1,043,898)	(1,048,406)
Operating profit		93,430	781,259
Share of results of associates	21	2,337	(6,340)
Profit before tax		95,767	774,919
Income tax credit (expenses)	11	32,304	(121,347)
<b>Profit for the period</b>		<b>128,071</b>	<b>653,572</b>

## Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the period ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Other comprehensive income (expense) for the period:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
– Financial assets at fair value through other comprehensive income			
– Fair value gain (losses) on debt investments measured at fair value through other comprehensive income		65,032	(44,423)
– Income tax relating to item that may be reclassified subsequently to profit or loss		(16,243)	11,066
– Changes in allowance for expected credit loss		(61)	158
– Share of other comprehensive income (expense) of associates		498	(34)
		49,226	(33,233)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
– Financial assets at fair value through other comprehensive income			
– Fair value losses on investments in equity investments		(4,558)	(23,572)
– Income tax relating to item that will not be reclassified subsequently to profit or loss		1,139	5,893
		(3,419)	(17,679)
<b>Other comprehensive income (expense) for the period, net of tax</b>		<b>45,807</b>	<b>(50,912)</b>
<b>Total comprehensive income for the period</b>		<b>173,878</b>	<b>602,660</b>



## Chapter 9 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the period ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Profit (loss) for the period attributable to:</b>			
– Owners of the Bank		149,235	732,111
– Non-controlling interests		(21,164)	(78,539)
		<b>128,071</b>	653,572
<b>Total comprehensive income (expense) for the period attributable to:</b>			
– Owners of the Bank		174,268	693,520
– Non-controlling interests		(390)	(90,860)
		<b>173,878</b>	602,660
<b>Earnings per share</b>			
– Basic and diluted (RMB cents)	12	2.94	(Restated) 14.43

# Chapter 9 Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Assets</b>			
Cash and deposits with the central bank	13	25,535,926	34,642,750
Deposits with banks	14	13,299,311	11,092,260
Placements with banks and other financial institutions	15	-	425,218
Financial assets held under resale agreements	16	10,286,490	9,570,521
Financial assets at fair value through profit or loss	17	825,409	1,909,099
Loans and advances to customers	18	175,234,736	170,597,441
Financial assets at fair value through other comprehensive income	19	10,366,887	4,019,840
Financial assets measured at amortised cost	20	24,296,907	27,797,726
Interests in associates	21	1,300,090	1,297,272
Property and equipment	22	2,677,016	2,773,837
Right-of-use assets	23	506,040	519,577
Goodwill		15,133	15,133
Deferred tax assets	24	1,405,300	1,218,909
Tax recoverable		110,934	-
Other assets	25	1,416,518	1,121,166
<b>Total assets</b>		<b>267,276,697</b>	<b>267,000,749</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from the central bank	27	2,129,352	3,679,787
Deposits from banks	28	1,905,017	3,471,600
Placements from banks	29	1,553,857	2,052,823
Financial assets sold under repurchase agreements	30	240,052	50,021
Deposits from customers	31	238,036,027	232,291,863
Accrued staff costs	32	91,965	193,286
Tax payable		42,301	59,653
Debts securities issued	33	3,390,102	5,351,209
Lease liabilities	23	415,100	429,046
Other liabilities	34	684,212	802,115
<b>Total liabilities</b>		<b>248,487,985</b>	<b>248,381,403</b>

## Chapter 9 Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2023

	Notes	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Equity</b>			
Share capital	35	5,074,192	5,074,192
Capital reserve	36	4,256,757	4,256,757
Investment revaluation reserve		81,599	56,566
Surplus reserve	37	1,223,755	1,223,755
General reserve	37	2,636,746	2,636,746
Retained earnings		2,789,134	2,639,899
Total equity attributable to owners of the Bank		16,062,183	15,887,915
Non-controlling interests		2,726,529	2,731,431
<b>Total equity</b>		<b>18,788,712</b>	18,619,346
<b>Total liabilities and equity</b>		<b>267,276,697</b>	267,000,749

The condensed consolidated financial statements on pages 117 to 201 were approved and authorised for issue by the board of directors of the Bank on 30 August 2023 and are signed on its behalf by:

**Mr. LIANG Xiangmin**  
Director

**Mr. YUAN Chunyu**  
Director

# Chapter 9 Condensed Consolidated Statement of Changes in Equity

For the period ended 30 June 2023

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

	Attributable to owners of the Bank									
	Share Capital RMB'000	Capital reserve RMB'000	Investment				Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
			revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000					
At 1 January 2022 (Audited)	4,612,901	5,050,510	94,661	1,058,252	2,321,962	1,436,812	14,575,098	3,199,914	17,775,012	
Profit (loss) for the period	-	-	-	-	-	732,111	732,111	(78,539)	653,572	
Other comprehensive expense for the period	-	-	(38,591)	-	-	-	(38,591)	(12,321)	(50,912)	
Total comprehensive (expense) income for the period	-	-	(38,591)	-	-	732,111	693,520	(90,860)	602,660	
Acquisition of subsidiary	-	-	-	-	-	-	-	93,118	93,118	
Appropriation of profits – Appropriation to general reserve – Dividends paid to non-controlling interests	-	-	-	-	2,310	(2,310)	-	-	-	
	-	-	-	-	-	-	-	(15,710)	(15,710)	
At 30 June 2022 (Unaudited)	4,612,901	5,050,510	56,070	1,058,252	2,324,272	2,166,613	15,268,618	3,186,462	18,455,080	

# Chapter 9 Condensed Consolidated Statement of Cash Flows

For the period ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	95,767	774,919
Adjustments for:		
Depreciation of property and equipment	136,144	150,831
Depreciation of right-of-use assets	81,995	90,350
Amortisation of long-term deferred expenses	7,788	14,633
Impairment losses on assets	1,043,898	1,048,406
Interest income from impaired loans and advances to customers	(20,920)	(23,339)
Interest expense on debts securities issued	102,940	141,997
Dividend income	(854)	(21,398)
Gains on disposal of property and equipment	(471)	(52,960)
Gain on early termination of lease agreements	(164)	(1,278)
Net unrealised trading losses	83,691	181,954
Net gains arising from investment securities	(80,138)	(32,296)
Interest expenses on lease liabilities	8,896	11,589
Government grants	(9,758)	(26,896)
Interest income from financial investments	(646,002)	(664,308)
Share of results of associates	(2,337)	6,340
	<b>800,475</b>	<b>1,598,544</b>
Changes in operating assets		
Net increase in deposits with the central bank	(22,949)	(1,085,533)
Net increase in financial assets held under resale agreements	(49,875)	-
Net (increase) decrease in deposits and placements with the banks	(2,358,992)	539,321
Net decrease in financial assets at fair value through profit or loss	999,999	860,000
Net increase in loans and advances to customers	(7,194,395)	(14,698,264)
Net decrease (increase) in interests receivables	1,557,855	(1,649,619)
Net increase in other assets	(99,786)	(387,257)
	<b>(7,168,143)</b>	<b>(16,421,352)</b>

## Chapter 9 Condensed Consolidated Statement of Cash Flows (continued)

For the period ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Changes in operating liabilities		
Net (decrease) increase in borrowing from central bank	(1,551,000)	223,846
Net decrease in deposits from banks	(1,519,740)	(1,678,473)
Net (decrease) increase in placements from banks	(500,000)	500,000
Net increase in financial assets sold under repurchase agreements	190,000	1,286,500
Net increase in deposits from customers	5,793,362	24,033,558
Net decrease in accrued staff costs	(101,321)	(108,405)
Net (decrease) increase in interests payable	(94,411)	546,660
Net decrease in other liabilities	(117,044)	(176,505)
	<b>2,099,846</b>	24,627,181
Cash (used in) from operations	(4,267,822)	9,804,373
Income tax paid	(297,477)	(564,834)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(4,565,299)</b>	9,239,539
<b>INVESTING ACTIVITIES</b>		
Payments on acquisition of financial investments	(33,354,625)	(29,523,590)
Payments on acquisition of property and equipment	(40,024)	(43,100)
Proceeds from disposal of financial investments and interest income received from financial investments	31,064,805	26,583,513
Dividend income received	854	21,398
Acquisition of a subsidiary	-	(16,433)
Proceeds from disposal of property and equipment	595	114,659
Proceeds from disposal of land use right	8	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,328,387)</b>	(2,863,553)

## Chapter 9 Condensed Consolidated Statement of Cash Flows (continued)

For the period ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issue of new debt securities	486,352	2,428,138
Government grants received	9,758	26,896
Repayment of debt securities issued	(2,500,000)	(2,700,000)
Repayment of lease liabilities	(81,671)	(93,857)
Interest paid on debts securities issued	(50,399)	(50,399)
Dividends paid	(344)	-
Dividends paid to non-controlling interests	(4,512)	(15,710)
Interest paid on lease liabilities	(8,896)	(11,589)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,149,712)</b>	(416,521)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,043,398)</b>	5,959,465
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>41,039,454</b>	29,622,412
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 42)</b>	<b>31,996,056</b>	35,581,877
Interest received	8,060,181	5,060,205
Interest paid (excluding interest expense on debts securities issued and lease liabilities)	(4,099,021)	(3,111,642)

# Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the period ended 30 June 2023

## 1. GENERAL

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

The Bank obtained its finance permit No. B1001H222010001 from the former China Banking and Insurance Regulatory Commission (the “CBIRC”) Jilin Bureau. The Bank obtained its business license (Unified Social Credit Code: 912200001243547911) from the Market Supervision and Administration Bureau of Jilin Province. The legal representative is Gao Bing<sup>(1)</sup> and the address of the registered office is No. 504 Xinhua Main Street, Jiutai District, Changchun, the People’s Republic of China (the “PRC”).

As at 30 June 2023, the Bank has 3 branches and 90 sub-branches. The Bank has 35 subsidiaries. The principal activities of the Bank and its subsidiaries (hereinafter collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by former China Banking and Insurance Regulatory Commission. The Group operates in Mainland China.

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

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange, and with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”, issued by the International Accounting Standards Board (“IASB”).

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

(1) The Board of the Bank received a resignation report from Mr. Gao Bing on March 17, 2023. Mr. Gao Bing resigned from the positions of executive Director and Chairman of the Bank with immediate effect, due to the relevant regulation regarding expiration of the term of office as a key personnel. As of the Latest Practicable Date, the Bank is still in the process of registering the change of legal representative.



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 2. BASIS OF PREPARATION (Continued)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to IFRSs, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

#### Changes in Accounting Policies

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group’s financial year beginning on 1 January 2023:

IFRS 17 and related amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations.

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 4. NET INTEREST INCOME

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income arising from		
– Deposits with the central bank	112,193	110,263
– Deposits with banks	127,756	95,081
– Placements with banks and other financial institutions	17,778	17,751
– Financial assets at fair value through other comprehensive income (“FVTOCI”)	131,391	219,681
– Financial assets measured at amortised costs	514,611	444,627
– Loans and advances to customers:		
– Corporate loans and advances	4,502,952	4,809,307
– Finance lease loans	81,265	93,472
– Personal loans and advances	873,628	854,277
– Discounted bills	747	69
– Financial assets held under resale agreements	171,234	114,990
	<b>6,533,555</b>	6,759,518
Less: Interest expenses arising from		
– Borrowings from the central bank	(32,763)	(31,877)
– Deposits from banks	(38,364)	(113,815)
– Placements from banks	(28,906)	(22,273)
– Deposits from customers:		
Corporate customers	(686,305)	(715,541)
Individual customers	(3,142,688)	(2,730,126)
– Financial assets sold under repurchase agreements	(75,584)	(44,670)
– Debts securities issued	(102,940)	(141,997)
– Lease liabilities	(8,896)	(11,589)
	<b>(4,116,446)</b>	(3,811,888)
	<b>2,417,109</b>	2,947,630

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 5. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Fee and commission income		
– Advisory fees	13,230	16,454
– Settlement and clearing fees	11,404	10,628
– Wealth management service fees	5,132	20,393
– Agency service fees	6,056	5,136
– Syndicated loan service fees	–	7,816
– Bank card service fees	955	1,209
– Others	2,637	1,456
	<b>39,414</b>	63,092
Fee and commission expenses		
– Settlement and clearing fees	(19,374)	(26,515)
– Others	(12,371)	(6,161)
	<b>(31,745)</b>	(32,676)
	<b>7,669</b>	30,416

Since most of the Group's contracts with customers have original expected duration of less than one year and therefore, the information about their remaining performance obligations is not disclosed.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 6. NET TRADING GAINS

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		
– Unlisted equity investments	(80,729)	(84,188)
– Listed equity investments	–	(15,365)
– Other debt instruments	(2,962)	(82,401)
Investment income from financial assets at FVTPL (Note)	121,033	230,574
Net gain on disposal of financial assets at FVTPL		
– Other debt instruments	5,800	16,813
	<b>43,142</b>	65,433

Note:

The investment income from financial assets at FVTPL represents interest income from financial assets at FVTPL of approximately RMB121,033,000 (six months ended 30 June 2022: approximately RMB230,574,000) for the period ended 30 June 2023.

### 7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net gains on disposal of financial assets measured at amortised cost	22,343	7,629
Net gains on disposal of financial assets at FVTOCI	57,795	24,667
	<b>80,138</b>	32,296

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 8. OTHER OPERATING (EXPENSES) INCOME, NET

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Government grants (Note)	9,758	26,896
Loss on disposal of repossessed assets	(666)	(6,484)
Gain on disposal of property and equipment	471	52,960
Gain on early termination of lease agreement	164	1,278
Others operating expenses	(43,538)	(24,816)
	<b>(33,811)</b>	49,834

*Note:*

Government grants recognised as other income are granted to the Group by the PRC government as incentives mainly to encourage the development of the Group and the contribution to the local economic development. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 9. OPERATING EXPENSES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and bonuses	640,269	589,091
– Staff welfares	51,649	49,942
– Social insurance	151,307	137,852
– Housing allowances	65,434	59,647
– Labour union and staff education expenses	12,906	10,631
	<b>921,565</b>	847,163
Premises and equipment expenses		
– Depreciation of property and equipment	136,144	150,831
– Amortisation of long-term deferred expenses	7,788	14,633
– Rental and property management expenses	27,541	27,624
– Depreciation of right-of-use assets	81,995	90,350
	<b>253,468</b>	283,438
Other tax and surcharges	41,529	41,209
Other general and administrative expenses (Note)	163,579	150,375
	<b>1,380,141</b>	1,322,185

Note:

Auditor's remuneration for the period ended 30 June 2023 was RMB1,330,000 (six months ended 30 June 2022: RMB1,330,000).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 10. IMPAIRMENT LOSSES ON ASSETS

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Impairment losses (reversal of impairment losses) on:			
Loans and advances to customers	18	805,788	938,807
Financial assets measured at amortised costs	20	230,206	92,773
Financial assets at FVTOCI	19	(61)	158
Placements with banks and other financial institutions	15	(70)	347
Other receivables, prepayment and repossessed assets	25	8,424	5,207
Deposits with banks	14	(1,138)	(1,002)
Credit commitments and financial guarantees	34	(514)	8,813
Interest receivables	25	1,263	3,303
		<b>1,043,898</b>	1,048,406

### 11. INCOME TAX (CREDIT) EXPENSES

#### Income tax:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current tax:		
– Mainland China Enterprise Income Tax	146,686	379,205
Under provision in prior period:		
– Mainland China Enterprise Income Tax	22,505	1,278
Deferred taxation (Note 24)		
– Current period	(201,495)	(259,136)
	<b>(32,304)</b>	121,347



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 11. INCOME TAX (CREDIT) EXPENSES (Continued)

#### Income tax: (Continued)

Pursuant to the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China incorporated companies is 25%. According to Notice on the Hainan Free Trade Port’s Preferential Policies on Corporate Income Tax, certain branches with operations in subsidiaries obtained approvals from tax authorities and qualify for reduced income tax rate of 15% till 31 December 2024.

### 12. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Profit for the period attributable to owners of the Bank	149,235	732,111
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	5,074,192	(Restated) 5,074,192

The weighted average number of ordinary shares in issue during the period ended 30 June 2022 has been adjusted retrospectively taking into account the 461,290,142 ordinary shares issued under the Capitalisation Issue (as defined in Note 35) as if the Capitalisation Issue had been effective on 1 January 2022.

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the periods ended 30 June 2023 and 2022.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Cash on hand	626,779	686,545
Deposits with the central bank		
– Statutory deposit reserves (Note a)	12,657,330	12,633,371
– Surplus deposit reserves (Note b)	12,250,834	21,320,674
– Fiscal deposits	983	1,993
	<b>24,909,147</b>	33,956,038
Accrued interest	–	167
	<b>25,535,926</b>	34,642,750

Notes:

- (a) The Group places statutory deposit reserves with the People's Bank of China (the "PBOC") in accordance with relevant regulations. At 30 June 2023 and 31 December 2022, the statutory deposit reserve ratios applicable to the Bank were as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Reserve ratio for RMB deposits	5.5%	6.0%
Reserve ratio for foreign currency deposits	6.0%	6.0%

The statutory deposit reserves are restricted balances with central bank and are not available for the Bank's daily business. The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of cash settlement and other kinds of unrestricted deposits.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 14. DEPOSITS WITH BANKS

#### Analysed by location of counterparties

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Deposits in Mainland China		
– Banks	<b>13,252,496</b>	11,037,942
Deposits outside Mainland China		
– Banks	<b>12,046</b>	25,945
	<b>13,264,542</b>	11,063,887
Accrued interest	<b>36,108</b>	30,850
Less: provision for impairment losses (Note)	<b>(1,339)</b>	(2,477)
	<b>13,299,311</b>	11,092,260

Note:

As at 30 June 2023 and 31 December 2022, the Group classifies all deposits with banks in Stage 1, and measures the loss allowance in accordance with 12-month expected-credit loss ("ECL") basis.

#### Movements of provision for impairment losses

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
At 1 January	<b>2,477</b>	2,947
Reversal of impairment losses recognised	<b>(1,138)</b>	(620)
Others	–	150
	<b>1,339</b>	2,477

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Placements in Mainland China		
– Banks	–	300,000
– Other financial institutions	–	125,000
	–	425,000
Accrued interest	–	288
Less: provision for impairment losses (Note)	–	(70)
	–	425,218

Note:

At 31 December 2022, the Group classifies all placements with banks and other financial institutions in Stage 1, and measures the loss allowance in accordance with 12-month ECL basis.

### Movements of provision for impairment losses

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
At 1 January	70	241
(Reversal of impairment losses recognised) impairment losses recognised	(70)	226
Deemed disposal of a subsidiary	–	(397)
At 30 June/31 December	–	70

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

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

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
In Mainland China		
– Banks	10,184,300	9,464,880
– Other financial institutions	99,475	99,475
	<b>10,283,775</b>	9,564,355
Accrued interest	2,715	6,166
	<b>10,286,490</b>	9,570,521

#### (b) Analysed by type of security held

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Debt securities		
– Corporations	99,475	99,475
– Government	2,179,600	5,386,500
– Other financial institutions	8,004,700	4,078,380
	<b>10,283,775</b>	9,564,355
Accrued interest	2,715	6,166
	<b>10,286,490</b>	9,570,521

At 30 June 2023 and 31 December 2022, the Group classifies all financial assets held under resale agreements in Stage 1, and measures the loss allowance in accordance with 12-month ECL basis.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Unlisted equity investments measured at FVTPL (Note)	825,409	906,138
Investment funds	—	1,002,961
	<b>825,409</b>	<b>1,909,099</b>

Note:

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 18. LOANS AND ADVANCES TO CUSTOMERS

#### (a) Analysed by nature

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Gross loans and advances to customers</b>		
Corporate loans and advances		
– Loans	149,045,124	142,112,472
– Finance lease loans	2,648,548	2,932,147
	151,693,672	145,044,619
Personal loans and advances		
– Personal business loans	20,764,552	20,432,868
– Personal consumption loans	3,425,838	3,114,847
– Credit card overdrafts	15,191	17,535
– Residential and commercial mortgage loans	3,308,468	3,419,546
	27,514,049	26,984,796
Discounted bills	597	–
	179,208,318	172,029,415
Accrued interest	2,155,348	3,927,580
<b>Less: Provision for impairment losses</b>	(6,128,930)	(5,359,554)
	175,234,736	170,597,441

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

#### (b) Analysed by industry sector

	At 30 June 2023		
	Amount (Unaudited) RMB'000	Percentage (Unaudited)	Loans and advances secured by collaterals or pledged assets (Unaudited) RMB'000
<b>Gross loans and advances to customers</b>			
Corporate loans and advances			
– Wholesale and retail	32,644,481	18.23%	10,069,796
– Leasing and business services	26,050,091	14.54%	14,586,484
– Construction	18,300,725	10.21%	7,461,969
– Manufacturing	17,653,288	9.85%	7,181,824
– Agriculture, forestry, animal husbandry and fishery	14,054,134	7.84%	5,789,014
– Real estate	9,338,985	5.21%	7,481,332
– Transportation, storage and postal services	8,646,449	4.82%	2,052,065
– Scientific research, technical services and geological prospecting	7,066,518	3.94%	2,052,203
– Information transmission, computer services and software	4,500,717	2.51%	1,882,153
– Water, environment and public facility management	3,651,746	2.04%	1,074,410
– Accommodation and catering	2,891,305	1.61%	2,229,525
– Education	1,929,694	1.08%	1,504,943
– Electricity, gas and water production and supply	1,631,279	0.91%	585,544
– Health and social services	1,472,620	0.82%	1,277,702
– Resident and other services	905,279	0.51%	310,313
– Cultural, sports and entertainment	550,918	0.31%	336,832
– Mining	221,493	0.12%	60,683
– Public administration, social security and social organisations	151,000	0.08%	151,000
– Finance	32,950	0.02%	14,950
	151,693,672	84.65%	66,102,742
Personal loans and advances	27,514,049	15.35%	16,668,231
Discounted bills	597	0.00%	–
	179,208,318	100.00%	82,770,973
Accrued interest	2,155,348		
	181,363,666		
<b>Less: Provision for impairment losses</b>	(6,128,930)		
	175,234,736		



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

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

	At 31 December 2022		
	Amount (Audited) RMB'000	Percentage (Audited)	Loans and advances secured by collaterals or pledged assets (Audited) RMB'000
<b>Gross loans and advances to customers</b>			
Corporate loans and advances			
– Wholesale and retail	31,291,314	18.19%	10,376,645
– Leasing and business services	25,772,456	14.98%	15,044,758
– Manufacturing	16,518,113	9.60%	7,123,144
– Construction	16,332,762	9.50%	6,975,392
– Agriculture, forestry, animal husbandry and fishery	12,658,055	7.36%	5,747,742
– Real estate	9,550,097	5.55%	7,543,007
– Transportation, storage and postal services	8,499,160	4.94%	3,403,866
– Scientific research, technical services and geological prospecting	6,098,438	3.55%	2,026,917
– Information transmission, computer services and software	4,077,638	2.37%	2,127,799
– Water, environment and public facility management	3,583,281	2.08%	1,084,460
– Accommodation and catering	3,016,886	1.75%	2,338,374
– Electricity, gas and water production and supply	2,763,606	1.61%	863,492
– Education	1,848,241	1.07%	1,462,141
– Health and social services	1,383,994	0.80%	1,218,510
– Resident and other services	720,605	0.42%	212,350
– Cultural, sports and entertainment	538,462	0.31%	372,026
– Mining	239,811	0.14%	63,210
– Public administration, social security and social organisation	151,000	0.09%	151,000
– Finance	700	0.00%	–
	145,044,619	84.31%	68,134,833
Personal loans and advances	26,984,796	15.69%	16,726,804
Accrued interest	172,029,415 3,927,580	100.00%	84,861,637
	175,956,995		
<b>Less: Provision for impairment losses</b>	(5,359,554)		
	170,597,441		

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

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

As at 30 June 2023 and 31 December 2022, detailed information of the impaired loans and advances to customers as well as the corresponding provision for impairment losses in respect of each industry sector which constitutes 10% or more of gross loans and advances to customers are as follows:

	At 30 June 2023					
	Gross impaired loans and advances (Stage 3) (Unaudited) RMB'000	ECL			Impairment charged during the period (Unaudited) RMB'000	Written-off during the period (Unaudited) RMB'000
		Stage 1	Stage 2	Stage 3		
		(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000		
- Wholesale and retail	1,343,447	385,229	178,016	406,583	176,681	(4,881)
- Leasing and business services	848,510	307,915	79,931	169,697	37,418	-
- Construction	1,035,727	293,062	78,039	461,085	380,201	-

	At 31 December 2022					
	Gross impaired loans and advances (Stage 3) (Audited) RMB'000	ECL			Impairment charged during the period (Audited) RMB'000	Written-off during the period (Audited) RMB'000
		Stage 1	Stage 2	Stage 3		
		(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000		
- Wholesale and retail	458,586	452,551	64,545	276,050	92,656	(20,113)
- Leasing and business services	312,136	294,996	50,071	175,058	(71,712)	(2,300)

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

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

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
<b>Gross loans and advances to customers</b>		
Unsecured loans	3,959,641	3,742,653
Guaranteed loans	92,477,704	83,425,125
Collateralised loans	68,790,563	68,575,059
Pledged loans	13,980,410	16,286,578
	<b>179,208,318</b>	172,029,415
Accrued interest	2,155,348	3,927,580
	<b>181,363,666</b>	175,956,995

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

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

	At 30 June 2023				
	Overdue within three months (inclusive) (Unaudited) RMB'000	Overdue more than three months to one year (inclusive) (Unaudited) RMB'000	Overdue more than one year to three years (inclusive) (Unaudited) RMB'000	Overdue more than three years (inclusive) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Unsecured loans	12,561	3,692	25,769	2,784	44,806
Guaranteed loans	10,136,284	1,974,245	845,785	289,138	13,245,452
Collateralised loans	7,137,596	1,309,591	1,210,317	827,866	10,485,370
Pledged loans	2,267,095	693,875	42,649	53,585	3,057,204
	<b>19,553,536</b>	<b>3,981,403</b>	<b>2,124,520</b>	<b>1,173,373</b>	<b>26,832,832</b>
As a percentage of gross loans and advances to customers (excluding accrued interest)	<b>10.91%</b>	<b>2.22%</b>	<b>1.19%</b>	<b>0.65%</b>	<b>14.97%</b>

	At 31 December 2022				
	Overdue within three months (inclusive) (Audited) RMB'000	Overdue more than three months to one year (inclusive) (Audited) RMB'000	Overdue more than one year to three years (inclusive) (Audited) RMB'000	Overdue more than three years (inclusive) (Audited) RMB'000	Total (Audited) RMB'000
Unsecured loans	361,412	2,154	27,435	924	391,925
Guaranteed loans	816,089	122,691	789,169	256,989	1,984,938
Collateralised loans	557,225	571,603	983,730	693,855	2,806,413
Pledged loans	117,924	–	47,117	49,124	214,165
	<b>1,852,650</b>	<b>696,448</b>	<b>1,847,451</b>	<b>1,000,892</b>	<b>5,397,441</b>
As a percentage of gross loans and advances to customers (excluding accrued interest)	<b>1.08%</b>	<b>0.41%</b>	<b>1.07%</b>	<b>0.58%</b>	<b>3.14%</b>

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

#### (e) Loans and advances and provision for impairment losses

	At 30 June 2023			
	Stage 1	Stage 2	Stage 3	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Gross loans and advances to customers	162,930,762	8,542,306	7,735,250	179,208,318
Accrued interest	2,124,318	21,901	9,129	2,155,348
Less: Provision for impairment losses	(2,246,447)	(1,090,998)	(2,791,485)	(6,128,930)
	<b>162,808,633</b>	<b>7,473,209</b>	<b>4,952,894</b>	<b>175,234,736</b>

	As at 31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Gross loans and advances to customers	163,118,380	4,941,385	3,969,650	172,029,415
Accrued interest	3,821,968	96,152	9,460	3,927,580
Less: Provision for impairment losses	(2,225,822)	(919,476)	(2,214,256)	(5,359,554)
	<b>164,714,526</b>	<b>4,118,061</b>	<b>1,764,854</b>	<b>170,597,441</b>

The Group conducts internal stratified management of asset risk characteristics according to the quality status of assets. Financial assets included in the expected credit losses are further classified into “Normal”, “Special mention”, “Substandard”, “Doubtful” and “Loss” within each stage according to internal rating scales and overdue days, the results of this layered management are used by the Bank for internal credit risk management purposes.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

#### (f) Movements of provision for impairment losses

	As at 30 June 2023			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Loss allowance at 1 January 2023	2,225,822	919,476	2,214,256	5,359,554
Changes in the loss allowance				
– Transfer to stage 1	416,581	(382,137)	(34,444)	–
– Transfer to stage 2	(80,878)	92,354	(11,476)	–
– Transfer to stage 3	(64,709)	(92,457)	157,166	–
– Charge to profit or loss, net	(250,369)	553,762	502,395	805,788
– Recoveries of loans and advances previously written off as uncollectible	–	–	1,431	1,431
– Interest income on impaired loans and advances to customers	–	–	(20,920)	(20,920)
– Amounts written off as uncollectible	–	–	(16,923)	(16,923)
Loss allowance at 30 June 2023	2,246,447	1,090,998	2,791,485	6,128,930

	As at 31 December 2022			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Loss allowance at 1 January 2022	1,926,068	792,605	1,909,381	4,628,054
Changes in the loss allowance				
– Transfer to stage 1	145,948	(114,861)	(31,087)	–
– Transfer to stage 2	(42,780)	84,354	(41,574)	–
– Transfer to stage 3	(17,620)	(80,753)	98,373	–
– Charge to profit or loss, net	333,671	312,809	482,244	1,128,724
– Recoveries of loans and advances previously written off as uncollectible	–	–	10,360	10,360
– Interest income on impaired loans and advances to customers	–	–	(46,623)	(46,623)
– Amounts written off as uncollectible	–	–	(84,097)	(84,097)
– Deemed disposal of subsidiaries	(121,856)	(91,290)	(93,790)	(306,936)
– Acquisition of a subsidiary	2,391	16,612	11,069	30,072
Loss allowance at 31 December 2022	2,225,822	919,476	2,214,256	5,359,554

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

#### (g) Analysed by geographical sector

	At 30 June 2023		
	Gross loan balance (Unaudited) RMB'000	Percentage (Unaudited)	Loan and advances secured by collaterals or pledged assets (Unaudited) RMB'000
Jilin Region	157,651,406	87.97%	70,363,147
Mainland China excluding Jilin Region	21,556,912	12.03%	12,407,826
	<b>179,208,318</b>	<b>100.00%</b>	<b>82,770,973</b>

	At 31 December 2022		
	Gross loan balance (Audited) RMB'000	Percentage (Audited)	Loan and advances secured by collaterals or pledged assets (Audited) RMB'000
Jilin Region	150,709,917	87.61%	72,088,477
Mainland China excluding Jilin Region	21,319,498	12.39%	12,773,160
	<b>172,029,415</b>	<b>100.00%</b>	<b>84,861,637</b>

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

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

#### (h) Finance lease receivables

The Group entered into finance leasing arrangements as a lessor for certain equipment to its customers. The average term of finance leases entered into is 5 years. Generally, these lease contracts do not include extension or early termination options.

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Amounts receivable under finance leases:		
Within one year	998,386	794,640
After one year but within two years	431,871	996,766
After two years but within three years	1,224,614	574,781
After three years but within four years	155,390	639,196
After four years but within five years	–	131,138
Undiscounted lease payments	2,810,261	3,136,521
Unguaranteed residual values	–	–
Gross investment in leases	2,810,261	3,136,521
Less: Unearned finance income	(161,382)	(204,374)
Present value of minimum finance lease receivables	2,648,879	2,932,147
Less: Provision for impairment losses	(153,362)	(120,861)
	2,495,517	2,811,286

The following table presents the amounts included in profit or loss.

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Finance income on the net investment in finance leases	81,265	93,472

The Group's finance lease arrangements do not include variable payments.

As at 30 June 2023 and 31 December 2022, the Group measures the loss allowance in accordance with 12-month ECL basis as described in note 41.



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Debt securities issued by the following institutions in Mainland China		
– Government	<b>9,308,353</b>	3,330,746
– Banks and other financial institutions	<b>834,501</b>	401,498
– Corporations	<b>150</b>	107,673
	<b>10,143,004</b>	3,839,917
Unlisted equity investments measured at FVTOCI	<b>136,709</b>	141,267
	<b>10,279,713</b>	3,981,184
Accrued interest	<b>87,174</b>	38,656
	<b>10,366,887</b>	4,019,840
Analysed as:		
Listed outside Hong Kong	<b>10,230,178</b>	3,878,573
Unlisted outside Hong Kong	<b>136,709</b>	141,267
	<b>10,366,887</b>	4,019,840

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

The Group’s debt which listed outside Hong Kong are traded on the China Interbank Bond Market and are included in “Listed outside Hong Kong”.

At 30 June 2023 and 31 December 2022, certain of the Group’s financial assets at FVTOCI were pledged as security for repurchase agreement (Note 30(a)).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Provision for impairment losses for debt instruments at FVTOCI:

	At 30 June 2023			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Gross debt instruments at FVTOCI	10,142,854	–	150	10,143,004
Accrued interest	87,174	–	–	87,174
Less: Provision for impairment losses	(98)	–	(150)	(248)
	10,229,930	–	–	10,229,930

	At 31 December 2022			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Gross debt instruments at FVTOCI	3,839,767	–	150	3,839,917
Accrued interest	38,656	–	–	38,656
Less: Provision for impairment losses	(159)	–	(150)	(309)
	3,878,264	–	–	3,878,264

The movements in the impairment allowance (included in investment revaluation reserve) for the debt instruments at FVTOCI during the year are as follows:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
At 1 January	309	175
(Reversal of impairment losses recognised) impairment losses recognised	(61)	134
At 30 June/31 December	248	309

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 20. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Debt securities issued by the following institutions in Mainland China		
– Government	<b>11,752,998</b>	15,525,055
– Banks and other financial institutions	<b>900,184</b>	903,234
– Corporations	<b>540,000</b>	300,000
– Interbank certificates	<b>283,671</b>	38,779
	<b>13,476,853</b>	16,767,068
Trust plans	<b>6,143,744</b>	6,148,234
Asset management plans	<b>3,869,973</b>	4,167,655
	<b>10,013,717</b>	10,315,889
	<b>23,490,570</b>	27,082,957
Accrued interest	<b>1,858,595</b>	1,759,115
Less: Provision for impairment losses	<b>(1,052,258)</b>	(1,044,346)
	<b>24,296,907</b>	27,797,726
Analysed as:		
Listed outside Hong Kong	<b>13,625,850</b>	16,897,330
Unlisted outside Hong Kong	<b>10,671,057</b>	10,900,396
	<b>24,296,907</b>	27,797,726

Notes:

- (i) The Group holds these investments with the objective in collecting contractual cash flows and had measured them at their amortised cost.
- (ii) The Group's debt securities which are listed outside Hong Kong are traded on the China Interbank Bond Market.
- (iii) At 30 June 2023 and 31 December 2022, certain of the Group's financial assets at amortised cost were pledged as security for repurchase agreement (Note 30(a)).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 20. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)

#### (a) Provision for impairment losses:

	At 30 June 2023			
	Stage 1 12m	Stage 2	Stage 3	Total
	ECL	Lifetime ECL	Lifetime ECL	
	(Unaudited)	(Unaudited)	(Unaudited)	
RMB'000	RMB'000	RMB'000	RMB'000	
Gross financial assets measured at amortised costs	16,866,853	–	6,623,717	23,490,570
Accrued interest	760,642	–	1,097,953	1,858,595
Less: Provision for impairment losses	(42,498)	–	(1,009,760)	(1,052,258)
	17,584,997	–	6,711,910	24,296,907

	At 31 December 2022			
	Stage 1 12m	Stage 2	Stage 3	Total
	ECL	Lifetime ECL	Lifetime ECL	
	(Audited)	(Audited)	(Audited)	
RMB'000	RMB'000	RMB'000	RMB'000	
Gross financial assets measured at amortised costs	20,798,995	–	6,283,962	27,082,957
Accrued interest	767,466	–	991,649	1,759,115
Less: Provision for impairment losses	(40,992)	–	(1,003,354)	(1,044,346)
	21,525,469	–	6,272,257	27,797,726

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 20. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Continued)

#### (b) Movements of allowance for impairment losses

	As at 30 June 2023			
	Stage 1 12m ECL (Unaudited) RMB'000	Stage 2 Lifetime ECL (Unaudited) RMB'000	Stage 3 Lifetime ECL (Unaudited) RMB'000	Total (Unaudited) RMB'000
Loss allowance at 1 January 2023	40,992	–	1,003,354	1,044,346
Changes in the loss allowance				
– Transfer to stage 1	–	–	–	–
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	(6,406)	–	6,406	–
– Charge to profit or loss, net	7,912	–	222,294	230,206
– Interest income on impaired financial asset measured at amortised cost	–	–	(222,294)	(222,294)
Loss allowance at 30 June 2023	42,498	–	1,009,760	1,052,258

	As at 31 December 2022			
	Stage 1 12m ECL (Audited) RMB'000	Stage 2 Lifetime ECL (Audited) RMB'000	Stage 3 Lifetime ECL (Audited) RMB'000	Total (Audited) RMB'000
Loss allowance at 1 January 2022	55,225	–	898,297	953,522
Changes in the loss allowance				
– Transfer to stage 1	–	–	–	–
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Charge to profit or loss, net	(14,181)	–	201,133	186,952
– Interest income on impaired financial asset measured at amortised cost	–	–	(96,076)	(96,076)
– Deemed disposal of a subsidiary	(52)	–	–	(52)
Loss allowance at 31 December 2022	40,992	–	1,003,354	1,044,346

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 21. INTERESTS IN ASSOCIATES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Costs of investments in associates, unlisted	1,210,926	1,210,926
Share of post-acquisition results and other comprehensive income, net of dividends received	89,164	86,346
	<b>1,300,090</b>	1,297,272

As at 30 June 2023 and 31 December 2022, the Group had interests in the following associates:

Name of the bank	Form of entity	Country of incorporation/operation	Class of shares held	Proportion of ownerships interests or participating shares held by the Group		Proportion of voting power held		Principal activity
				30 June 2023	31 December 2022	30 June 2023	31 December 2022	
				(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Jilin Gongzhuling Rural Commercial Bank Co., Ltd.* ("吉林公主嶺農村商業銀行股份有限公司", "Jilin Gongzhuling Rural Commercial Bank") <sup>(1)</sup>	Incorporated	PRC	Ordinary	20.2%	20.2%	20.2%	20.2%	Corporate and retail bank
Changbai Mountain Rural Commercial Bank Co., Ltd.* ("長白山農村商業銀行股份有限公司", "Changbai Mountain Rural Commercial Bank") <sup>(1)</sup>	Incorporated	PRC	Ordinary	38.8%	38.8%	38.8%	38.8%	Corporate and retail bank
Haikou United Rural Commercial Bank Co., Ltd.* ("海口聯合農村商業銀行股份有限公司", "Haikou United Rural Commercial Bank") <sup>(1)</sup>	Incorporated	PRC	Ordinary	10%	10%	10%	10%	Corporate and retail bank
Liaoyuan Rural Commercial Bank Co., Ltd.* ("遼源農村商業銀行股份有限公司", "Liaoyuan Rural Commercial Bank") <sup>(1)</sup>	Incorporated	PRC	Ordinary	35.13% (Note a)	35.13% (Note a)	35.13% (Note a)	35.13% (Note a)	Corporate and retail bank

(1) These associates are directly held by the Bank.

\* The English translation is for identification only.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 21. INTERESTS IN ASSOCIATES (Continued)

Notes:

- (a) On 31 August 2022, five shareholders who hold 17.09% ownership and voting power of Liaoyuan Rural Commercial Bank, terminated the act in concert contracts with the Group. Hence, the Group loss control over Liaoyuan Rural Commercial Bank as the Group did not control more than half of the voting power in the shareholder meetings of Liaoyuan Rural Commercial Bank.

After termination of the act in concert contracts, the Group holds 35.13% equity interest in and has significant influence in Liaoyuan Rural Commercial Bank. As a result, it is classified as an associate of the Group.

- (b) The financial information and carrying amount, in aggregate, of the Group's interests in the associates that are not individually significant which and are accounted for using the equity method are set out below:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
The Group's share of profit for the period/year	2,337	13,469
The Group's share of other comprehensive income for the period/year	498	1,502
	<b>2,835</b>	14,971

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Carrying amount of the Group's interests in these associates	<b>1,300,090</b>	1,297,272

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 22. PROPERTY AND EQUIPMENT

	Premises RMB'000	Leasehold improvement RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>Cost</b>						
At 1 January 2022 (Audited)	3,401,241	662,298	884,710	193,740	8,804	5,150,793
Additions	40,827	34,396	27,502	62,565	2,336	167,626
Acquisition of a subsidiary	13,585	245	978	-	37	14,845
Transfers in (out) of construction in progress	54,497	2,206	4,604	(62,128)	821	-
Deemed disposal of a subsidiary	(429,922)	(15,429)	(43,962)	(3,397)	-	(492,710)
Disposals	(84,599)	(2,518)	(14,762)	(122)	(1,696)	(103,697)
At 31 December 2022 and 1 January 2023 (Audited)	<b>2,995,629</b>	<b>681,198</b>	<b>859,070</b>	<b>190,658</b>	<b>10,302</b>	<b>4,736,857</b>
Additions	<b>5,293</b>	<b>9,181</b>	<b>10,781</b>	<b>13,913</b>	<b>856</b>	<b>40,024</b>
Disposals	<b>(231)</b>	<b>-</b>	<b>(2,227)</b>	<b>-</b>	<b>(765)</b>	<b>(3,223)</b>
Transfers in (out) of construction in progress	<b>82,731</b>	<b>2,809</b>	<b>5,770</b>	<b>(91,638)</b>	<b>328</b>	<b>-</b>
Transfer to land use rights	<b>-</b>	<b>-</b>	<b>-</b>	<b>(577)</b>	<b>-</b>	<b>(577)</b>
At 30 June 2023 (Unaudited)	<b>3,083,422</b>	<b>693,188</b>	<b>873,394</b>	<b>112,356</b>	<b>10,721</b>	<b>4,773,081</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2022 (Audited)	759,560	487,966	633,041	-	4,745	1,885,312
Provided for the year	160,258	56,210	69,097	-	1,904	287,469
Deemed disposal of a subsidiary	(124,433)	(11,802)	(33,523)	-	-	(169,758)
Eliminated on disposals	(23,020)	(2,028)	(13,318)	-	(1,637)	(40,003)
At 31 December 2022 and 1 January 2023 (Audited)	<b>772,365</b>	<b>530,346</b>	<b>655,297</b>	<b>-</b>	<b>5,012</b>	<b>1,963,020</b>
Provided for the period	<b>77,333</b>	<b>25,510</b>	<b>32,203</b>	<b>-</b>	<b>1,098</b>	<b>136,144</b>
Eliminated on disposals	<b>(224)</b>	<b>-</b>	<b>(2,133)</b>	<b>-</b>	<b>(742)</b>	<b>(3,099)</b>
At 30 June 2023 (Unaudited)	<b>849,474</b>	<b>555,856</b>	<b>685,367</b>	<b>-</b>	<b>5,368</b>	<b>2,096,065</b>
<b>Net book value</b>						
At 30 June 2023 (Unaudited)	<b>2,233,948</b>	<b>137,332</b>	<b>188,027</b>	<b>112,356</b>	<b>5,353</b>	<b>2,677,016</b>
At 31 December 2022 (Audited)	2,223,264	150,852	203,773	190,658	5,290	2,773,837



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 22. PROPERTY AND EQUIPMENT (Continued)

At 30 June 2023, the net book values of premises of which title deeds were not yet finalised by the Group were approximately RMB451,845,000 (31 December 2022: approximately RMB467,068,000). Among them, the net book values of premises that the Group has obtained housing property title certificates issued by the authorities but no land use right certificates were approximately RMB142,582,000 (31 December 2022: approximately RMB148,274,000).

According to the opinions of the Group's external legal counsels, the Group is the legal owner of the aforementioned premises and entitled to occupy, use, transfer, pledge and dispose of these premises.

At 30 June 2023 and 31 December 2022, the net book values of premises are analysed by the remaining terms of the leases as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Held in Mainland China		
– Long term leases (over 50 years)	56,312	57,888
– Medium term leases (10 – 50 years)	2,094,175	2,095,618
– Short term leases (less than 10 years)	83,461	69,758
	<b>2,233,948</b>	2,223,264

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	Premises RMB'000	Motor Vehicles RMB'000	Land use rights RMB'000 (Note)	Total RMB'000
<b>Cost</b>				
At 1 January 2022 (Audited)	934,458	13,179	29,990	977,627
Additions	110,472	4,328	–	114,800
Acquisition of a subsidiary	4,388	–	–	4,388
Early termination of lease	(32,256)	–	–	(32,256)
Lease modification	(1,775)	–	–	(1,775)
Deemed disposal of a subsidiary	(19,036)	(942)	–	(19,978)
Lease expiry	(19,934)	(2,384)	–	(22,318)
At 1 January 2023 (Audited)	<b>976,317</b>	<b>14,181</b>	<b>29,990</b>	<b>1,020,488</b>
Additions	<b>67,623</b>	–	–	<b>67,623</b>
Disposals	–	–	(10)	(10)
Transfer from construction in progress	–	–	577	577
Early termination of lease	<b>(3,598)</b>	–	–	<b>(3,598)</b>
Lease modification	<b>1,778</b>	–	–	<b>1,778</b>
Lease expiry	<b>(51,051)</b>	<b>(1,994)</b>	–	<b>(53,045)</b>
At 30 June 2023 (Unaudited)	<b>991,069</b>	<b>12,187</b>	<b>30,557</b>	<b>1,033,813</b>
<b>Accumulated depreciation</b>				
At 1 January 2022 (Audited)	351,581	9,018	2,319	362,918
Provided for the period	172,224	3,435	871	176,530
Eliminated on early termination of lease	(13,478)	–	–	(13,478)
Deemed disposal of a subsidiary	(2,209)	(532)	–	(2,741)
Lease expiry	(19,934)	(2,384)	–	(22,318)
At 1 January 2023 (Audited)	<b>488,184</b>	<b>9,537</b>	<b>3,190</b>	<b>500,911</b>
Provided for the period	<b>80,136</b>	<b>1,411</b>	<b>448</b>	<b>81,995</b>
Disposals	–	–	(2)	(2)
Early termination of lease	<b>(2,086)</b>	–	–	<b>(2,086)</b>
Lease expiry	<b>(51,051)</b>	<b>(1,994)</b>	–	<b>(53,045)</b>
At 30 June 2023 (Unaudited)	<b>515,183</b>	<b>8,954</b>	<b>3,636</b>	<b>527,773</b>
<b>Carrying amounts</b>				
At 30 June 2023 (Unaudited)	<b>475,886</b>	<b>3,233</b>	<b>26,921</b>	<b>506,040</b>
At 31 December 2022 (Audited)	488,133	4,644	26,800	519,577

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

#### (i) Right-of-use assets (Continued)

*Note:*

As at 30 June 2023, right-of-use assets of approximately RMB26,921,000 (31 December 2022: approximately RMB26,800,000) represents land use rights located in the PRC. As at 30 June 2023, the Group is still in a process of obtaining the land certificate with the carrying amount of approximately RMB454,000 (31 December 2022: approximately RMB528,000). In the opinion of the directors, based on the advice from the Group's external legal adviser, the absence of the land certificate does not impair its carrying value to the Group.

The Group has lease arrangements for premises and motor vehicles. The lease terms are generally ranged from two to twenty years. The land is located in the PRC with lease term ranged from ten to fifty years.

Additions to the right-of-use assets for the period ended 30 June 2023 amounted to approximately RMB67,623,000 (2022: approximately RMB114,800,000), due to new leases of premises (2022: premises and motor vehicles).

#### (ii) Lease liabilities

Amounts payable under lease liabilities	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Within one year	147,682	149,613
After one year but within two years	100,244	99,796
After two year but within five years	135,200	132,544
After five years	31,974	47,093
	<b>415,100</b>	429,046

During the period ended 30 June 2023, the Group entered into a number of new lease agreements in respect of renting properties (2022: properties and motor vehicles) and recognised lease liability of approximately RMB67,623,000 (2022: RMB114,800,000).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

#### (iii) Amounts recognised in profit and loss

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Depreciation expense on right-of-use assets	81,995	90,350
Interest expense on lease liabilities	8,896	11,589
Expense relating to short-term leases	14,608	14,960

#### (iv) Others

As at 30 June 2023 and 31 December 2022, the Group does not have lease agreements committed but not yet commenced.

During the period ended 30 June 2023, the total cash outflow for leases amount to approximately RMB105,175,000 (six months ended 30 June 2022: approximately RMB120,406,000).

### 24. DEFERRED TAXATION

The following is an analysis of the deferred tax balances for financial reporting purposes:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Deferred tax assets	1,436,636	1,256,064
Deferred tax liabilities	(31,336)	(37,155)
	1,405,300	1,218,909

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 24. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current period and prior year:

	Provision for impairment losses on assets RMB'000 Note (i)	Change in fair value of financial asset at FVTOCI RMB'000 Note (ii)	Change in fair value changes of financial asset at FVTPL RMB'000 Note (ii)	Tax losses RMB'000 Note (iii)	Others RMB'000	Net balance of deferred tax assets RMB'000
At 1 January 2022 (Audited)	1,038,871	(28,969)	(77,543)	40,168	31,968	1,004,495
Credit to profit or loss	215,770	32	58,480	6,697	11,746	292,725
Credit to other comprehensive income	–	17,348	–	–	–	17,348
Acquisition of a subsidiary	6,941	–	–	–	8	6,949
Deemed disposal of a subsidiary	(58,901)	–	(6,503)	(2,767)	(34,437)	(102,608)
At 31 December 2022 and 1 January 2023 (Audited)	<b>1,202,681</b>	<b>(11,589)</b>	<b>(25,566)</b>	<b>44,098</b>	<b>9,285</b>	<b>1,218,909</b>
Credit/(charge) to profit or loss	<b>176,375</b>	<b>–</b>	<b>20,923</b>	<b>6,038</b>	<b>(1,841)</b>	<b>201,495</b>
Charge to other comprehensive income	<b>–</b>	<b>(15,104)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(15,104)</b>
At 30 June 2023 (Unaudited)	<b>1,379,056</b>	<b>(26,693)</b>	<b>(4,643)</b>	<b>50,136</b>	<b>7,444</b>	<b>1,405,300</b>

Notes:

- (i) The Group made provision for impairment losses on loans and advances to customers and other financial assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of each of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of each of the reporting period, together with write-offs which fulfill specific criteria as set out in the Mainland China tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.
- (iii) At 30 June 2023, the Group has unused tax losses of approximately RMB200,544,000 (31 December 2022: approximately RMB176,392,000), available for offset against future profits. A deferred tax asset has been recognised in respect of such losses. Such tax losses can be carried forward for five years from the year in which the respective loss arose.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 25. OTHER ASSETS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Other receivables and prepayments (Note (i))	295,375	261,378
Repossessed assets (Note (ii))	741,399	683,817
Long-term deferred expenses (Note (iii))	114,988	123,831
Interest receivables	255,962	44,200
Other	8,794	7,940
	<b>1,416,518</b>	1,121,166

Notes:

(i)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Other receivables and prepayments	363,793	321,382
Less: Provision for impairment losses	(68,418)	(60,004)
	<b>295,375</b>	261,378

As at 30 June 2023, the Group has other receivables in gross amount of approximately RMB344,118,000 (31 December 2022: approximately RMB293,454,000) and measures the loss allowance in accordance with 12-month ECL and lifetime ECL basis amounting to approximately RMB68,418,000 (31 December 2022: RMB60,004,000).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 25. OTHER ASSETS (Continued)

Notes: (Continued)

(i) (Continued)

Movements of allowance for impairment losses	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
At 1 January	60,004	39,561
Impairment losses recognised	8,416	26,809
Amounts written off as uncollectible	(2)	(687)
Deemed disposal of a subsidiary	–	(6,291)
Others	–	612
At 30 June/31 December	<b>68,418</b>	60,004

(ii)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Gross repossessed assets	756,736	699,201
Less: Provision for impairment losses	(15,337)	(15,384)
	<b>741,399</b>	683,817

Movements of allowance for impairment losses

Movements of allowance for impairment losses	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
At 1 January	15,384	25,663
Impairment losses recognised	8	867
Amounts written off as uncollectible	(55)	(134)
Deemed disposal of a subsidiary	–	(11,012)
At 30 June/31 December	<b>15,337</b>	15,384

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 25. OTHER ASSETS (Continued)

Notes: (Continued)

- (iii) As at 30 June 2023, long-term deferred expenses represent prepayments for services with average contract terms ranging from one year to five years and amortise at straight line basis over the contract period. Amortisation of long-term deferred expenses for the period ended 30 June 2023 was approximately RMB7,788,000.

As at 31 December 2022, long-term deferred expenses represent prepayments for services with average contract terms ranging from one year to five years and amortise at straight line basis over the contract period. Amortisation of long-term deferred expenses for the year ended 31 December 2022 was approximately RMB23,325,000.

- (iv) Interest receivables

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Interests receivables	260,580	47,555
Less: Provision for impairment losses (Note)	(4,618)	(3,355)
	<b>255,962</b>	<b>44,200</b>

Note:

As at 31 December 2022, the Group has interests receivables in gross amount of approximately RMB260,580,000 (31 December 2022: RMB47,555,000), and measures the loss allowance comprised of 12-month ECL and lifetime ECL amounting to approximately RMB4,618,000 (31 December 2022: RMB3,355,000).

Movements of allowance for impairment losses

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
At 1 January	3,355	-
Impairment losses recognised	1,263	4,192
Deemed disposal of a subsidiary	-	(837)
At 30 June/31 December	<b>4,618</b>	<b>3,355</b>



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 26. PLEDGED ASSETS

#### (a) Assets pledge as collaterals

Financial assets pledged by the Group as collaterals for liabilities mainly include debt securities, which are for repurchase agreements. The carrying amounts of the financial assets pledged as collaterals as at 30 June 2023 is approximately RMB254,313,000 (31 December 2022: RMB50,243,000).

#### (b) Received pledged assets

The Group and the Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions.

### 27. BORROWINGS FROM THE CENTRAL BANK

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Borrowings	2,128,330	3,679,330
Accrued interest	1,022	457
	<b>2,129,352</b>	3,679,787

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 28. DEPOSITS FROM BANKS

#### Analysed by type and location of counterparty

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Deposits in Mainland China		
– Banks	1,896,520	3,416,260
Accrued interest	8,497	55,340
	<b>1,905,017</b>	<b>3,471,600</b>

### 29. PLACEMENTS FROM BANKS

#### Analysed by type and location of counterparty

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Placements in Mainland China		
– Banks	1,552,496	2,052,496
Accrued interest	1,361	327
	<b>1,553,857</b>	<b>2,052,823</b>

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
In Mainland China		
– Banks	240,000	50,000
Accrued interest	52	21
	240,052	50,021

#### (b) Analysed by collateral

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Debt securities	240,052	50,021

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 31. DEPOSITS FROM CUSTOMERS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Demand deposits		
– Corporate customers	32,504,610	42,187,621
– Individual customers	15,649,908	15,817,824
	<b>48,154,518</b>	58,005,445
Time deposits		
– Corporate customers	7,441,258	8,658,831
– Individual customers	174,725,675	157,255,275
	<b>182,166,933</b>	165,914,106
Pledged deposits		
– Acceptances	1,470,035	1,835,965
– Guarantees and letters of guarantees	457,225	497,021
	<b>1,927,260</b>	2,332,986
Others	889,751	1,092,563
Accrued interest	4,897,565	4,946,763
	<b>238,036,027</b>	232,291,863

### 32. ACCRUED STAFF COSTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Salary and bonus payable	87,056	182,852
Social pension schemes payable	1,410	492
Other social insurances payable	1,044	1,840
Other staff welfare payable	2,455	8,102
	<b>91,965</b>	193,286

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 33. DEBTS SECURITIES ISSUED

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Tier-two capital bonds issued (Note (i))	<b>2,796,239</b>	2,796,031
Interbank certificates issued (Note (ii))	<b>492,478</b>	2,475,991
	<b>3,288,717</b>	5,272,022
Accrued interest	<b>101,385</b>	79,187
	<b>3,390,102</b>	5,351,209

Notes:

- (i) Tier-two capital bonds issued
- (a) Fixed rate tier-two capital bonds at a face value of RMB800,000,000 with a term of ten years were issued on 13 April 2015. The coupon rate is 6.30%. The effective interest rate per annum on the Group's tier-two capital bonds issued is 6.35%. As at 30 June 2023, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB799,572,000 (31 December 2022: approximately RMB799,453,000).
- (b) Fixed rate tier-two capital bonds at a face value of RMB2,000,000,000 with a term of ten years were issued on 20 July 2021. The coupon rate is 4.80%. The Group has an option to redeem the debts on 20 October 2026 at the nominal amount. The effective interest rate per annum on the Group's tier-two capital bonds issued is 4.82%. As at 30 June 2023, the outstanding balance of this fixed rate tier-two capital bonds issued is approximately RMB1,996,667,000 (31 December 2022: approximately RMB1,996,579,000).
- (ii) Interbank certificates issued
- (a) During the period ended 30 June 2023, the Bank issued a zero coupon interbank certificate, with total nominal amount of RMB500,000,000 and duration within 1 year. As at 30 June 2023, the outstanding balance of interbank certificate issued is approximately RMB492,478,000. The effective interest rates per annum on the Group's interbank certificate issued is 2.85% per annum.
- (b) The Bank issued a number of zero coupon interbank certificates, with total nominal amount of RMB2,500,000,000 and duration within 1 year in 2022. The zero coupon interbank certificates were fully redeemed during the period ended 30 June 2023. The ranges of effective interest rates per annum on the Group's interbank certificates issued are 2.85% to 3.50% per annum.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 34. OTHER LIABILITIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Other payable and accrued expenses	462,209	516,327
Clearance of inter-bank accounts	37,968	14,607
Other taxes payables	81,640	130,600
Agency business liabilities	57	57
Dividend payable	134	478
Deposits under finance lease arrangement and unearned revenue (Notes (a))	28,655	65,983
Provision for credit commitments and financial guarantees (Notes (b))	73,549	74,063
	<b>684,212</b>	<b>802,115</b>

Notes:

- (a) Deposits under finance lease arrangement and unearned revenue mainly represents finance leases deposits payable and deferred income received under finance leases for which the income will be amortised over the leasing periods.
- (b) As at 30 June 2023 and 31 December 2022, the Group classifies all provision for credit commitments and financial guarantees in Stage 1 and measures the loss allowance in accordance with 12-month ECL basis.

Movement of provision for impairment losses:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
At 1 January	74,063	60,465
(Reversal of impairment losses recognised) impairment losses recognised	(514)	13,598
At 30 June/31 December	<b>73,549</b>	<b>74,063</b>

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 35. SHARE CAPITAL

Share capital of the Group as at 30 June 2023 and 31 December 2022 represented share capital of the Bank, which is fully paid.

Share capital as at the end of the reporting period is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Registered, issued and fully paid ordinary shares of RMB1 each: – Ordinary shares	5,074,192	5,074,192
At beginning of the period/year	5,074,192	4,612,901
Share increase by converting capital reserve into new shares (Note)	–	461,291
At end of the period/year	5,074,192	5,074,192

*Note:*

On 26 August 2022, the Bank issued 461,290,142 ordinary shares with a par value of RMB1 per share by way of capitalisation issue of capital reserve of the Bank on the basis of ten new shares for every one hundred existing shares. The new shares rank pari passu with the existing shares in all respects. Total ordinary shares are increased to 5,074,191,569.

As at the end of reporting period, the Bank's issued shares (in thousands of shares) is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Domestic shareholders	4,107,691	4,107,691
H shareholders	966,501	966,501
At end of the period/year	5,074,192	5,074,192

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 36. CAPITAL RESERVE

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Share premium	3,961,894	3,961,894
Changes in ownership in subsidiaries without changes in control	294,863	294,863
	<b>4,256,757</b>	4,256,757

### 37. SURPLUS RESERVE AND GENERAL RESERVE

#### (a) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and other surplus reserve. The statutory surplus reserve fund as at 30 June 2023 is approximately RMB1,207,096,000 (31 December 2022: approximately RMB1,207,096,000), while other surplus reserve is approximately RMB16,659,000 as at 30 June 2023 (31 December 2022: approximately RMB16,659,000). The Bank and its subsidiaries are required to appropriate 10% of its net profit, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

#### (b) General reserve

With effect from 1 July 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the Ministry of Finance of the PRC (the "MOF") in March 2012, the Group is required, in principle, to set aside a general reserve not lower than 1.5% of the balance of its gross risk-bearing assets at each year end.



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 38. DIVIDENDS

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

Pursuant to the resolution of the annual general meeting of 2021 on 17 June 2022, the board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2021.

No interim dividend was paid, declared or proposed during the period ended 30 June 2023 (2022: nil).

### 39. UNCONSOLIDATED STRUCTURED ENTITIES

#### (i) 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 trust plans, asset management plans and wealth management products issued by other financial institutions.

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at 30 June 2023 and 31 December 2022:

	30 June 2023			
	Financial assets at FVTPL (Unaudited) RMB'000	Financial assets measured at amortised cost (Unaudited) RMB'000	Carrying amount (Unaudited) RMB'000	Maximum exposure (Unaudited) RMB'000
Trust plans	–	6,143,744	6,143,744	6,143,744
Asset management plans	–	3,869,973	3,869,973	3,869,973
	–	10,013,717	10,013,717	10,013,717

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 39. UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

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

	31 December 2022			
	Financial assets at FVTPL (Audited) RMB'000	Financial assets measured at amortised cost (Audited) RMB'000	Carrying amount (Audited) RMB'000	Maximum exposure (Audited) RMB'000
Trust plans	–	6,148,234	6,148,234	6,148,234
Asset management plans	–	4,167,655	4,167,655	4,167,655
Investment funds	1,002,961	–	1,002,961	1,002,961
	1,002,961	10,315,889	11,318,850	11,318,850

#### (ii) 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 wealth management services as disclosed in Note 5.

As at 30 June 2023, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, are RMB4,202,150,000 (31 December 2022: approximately RMB4,831,910,000).

#### (iii) Unconsolidated structured entities sponsored by the Group during the period which the Group does not have an interest in as at 30 June 2023 and 31 December 2022:

During the period 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 2023 amounted to RMB220,000,000 (during the year ended 31 December 2022: approximately RMB5,397,960,000).

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 40. 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 China Banking and Insurance Regulatory Commission ("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 "Administrative Measures for the Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the former CBIRC.

The former CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Administrative Measures for the 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 treatment 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.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 40. CAPITAL MANAGEMENT (Continued)

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 the generally accepted accounting principles in the PRC. During the period/year ended 30 June 2023 and 31 December 2022, the Group has complied with all its externally imposed capital requirements.

The Group's capital adequacy ratios as at 30 June 2023 and 31 December 2022 calculated in accordance with "Administrative Measures for the Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBIRC are as follows:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Total core tier-one capital		
Share capital	5,074,192	5,074,192
Qualifying portion of capital reserve	4,256,757	4,256,757
Investment revaluation reserve	81,599	56,566
Surplus reserve	1,223,755	1,223,755
General reserve	2,636,746	2,636,746
Retained earnings	2,789,134	2,639,899
Qualifying portions of non-controlling interests	1,482,409	1,502,817
Core tier-one capital deductions (Note)	(321,638)	(150,534)
Net core tier-one capital	17,222,954	17,240,198
Eligible portion of non-controlling interests	170,860	194,181
Net tier-one capital	17,393,814	17,434,379
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	2,320,000	2,480,000
Surplus provision for loan impairment	2,048,066	1,954,341
Eligible portion of non-controlling interests	449,546	384,615
Net capital base	22,211,426	22,253,335
Total risk weighted assets	202,332,202	193,589,075
Core tier-one capital adequacy ratio	8.51%	8.91%
Tier-one capital adequacy ratio	8.60%	9.01%
Capital adequacy ratio	10.98%	11.50%

Note:

Core tier-one capital deductions primarily include other intangible assets excluding land use rights, goodwill, deferred tax assets recognised for tax losses and other regulatory deductions.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 41. FINANCIAL RISK MANAGEMENT

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the condensed consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk and exchange rate risk). The policies on how to mitigate these risks for the six-month period ended 30 June 2023 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2022.

#### Credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL basis rather 12-month ECL basis.

In order to minimise credit risk, the Group has tasked to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit grading information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgment. The nature of the exposure and the type of counterparty are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 41. FINANCIAL RISK MANAGEMENT (Continued)

#### Credit risk (Continued)

The internal credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases, the difference in risk of default between grades changes. Each exposure is allocated to a credit's risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The Group uses credit risk grades as a primary input into the determination of the term structure of the probability of default ("PD") for exposures. The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative information that are indicative of risk of default.

#### Loan and advance to customers

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL basis.

#### Financial assets at FVTOCI

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL basis.

#### Financial asset measured at amortised cost

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL basis.

#### Placements with banks and other financial institutions

The Group has applied the general approach in IFRS 9 to measure ECL. All placements with banks and other financial institutions is at Stage 1 of which the loss allowance is measured at 12-month ECL basis.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 41. FINANCIAL RISK MANAGEMENT (Continued)

#### Deposits with banks

The Group has applied the general approach in IFRS 9 to measure ECL. All deposits with banks and other financial institutions is at Stage 1 of which the loss allowance is measured at 12-month ECL basis.

#### Financial assets held under resale agreements

The Group has applied the general approach in IFRS 9 to measure ECL. All financial assets held under resale agreements is at Stage 1 of which the loss allowance is measured at 12-month ECL basis.

#### Credit commitments and financial guarantees

The Group has applied the general approach in IFRS 9 to measure ECL. All financial guarantees and loans commitment is at Stage 1 of which the loss allowance is measured at 12-month ECL basis.

#### Other receivables

The Group has applied the general approach in IFRS 9 to measure ECL. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL basis.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than three months:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Cash on hand	626,779	686,545
Deposits with the central bank	12,250,834	21,320,674
Deposits with banks	8,884,543	9,097,880
Placements with banks and other financial institutions	–	370,000
Financial assets held under resale agreements	10,233,900	9,564,355
<b>Total</b>	<b>31,996,056</b>	41,039,454

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

#### (a) Related parties of the Group

##### (i) Major shareholders

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

Shareholding in the Bank:

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Jilin Province Trust Co., Ltd. (“吉林省信託有限責任公司”)	9.61%	9.61%
Changchun Huaxing Construction Co., Ltd. (“長春華星建築有限責任公司”)	8.23%	8.23%



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (a) Related parties of the Group (Continued)

##### (ii) Other related parties

Other related parties can be individuals or enterprises, which include 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 43(a)(i) or their controlling shareholders. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

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

During the period, the Group had the following material balances and entered into the following material transactions with related parties other than key management personnel under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

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

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

##### (ii) Transactions between the Group and associates

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Transactions during the period		
Interest income	35,507	31,433
Interest expense	8,464	9,024
Rental income	-	3,400
Gain from disposal of property and equipment	-	53,941

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

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

##### (ii) Transactions between the Group and associates (Continued)

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Balances at end of the period/year		
Deposits with banks	2,477,812	3,462,242
Deposits from banks	581,156	655,866

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Transactions during the period		
Interest income	7,444	21,538
Interest expense	235	93

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Balances at end of the period/year		
Placements with banks and other financial institutions	–	70,016
Loans and advances to customers	548,500	577,573
Deposits from customers	119,203	97,530

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

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

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Transactions during the period		
Interest income	6,930	27,206
Interest expense	260	2,084

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
	Balances at end of the period/year	
Loans and advances to customers	248,950	714,212
Deposits from customers	209,292	248,739
Financial assets measured at amortised cost	244,085	–

#### (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, board of directors, the supervisory board and executive officers.

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Transactions during the period		
Interest income	52	89
Interest expense	1,058	–*

\* The balance represents an amount less than RMB500.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (c) Key management personnel (Continued)

##### (i) Transactions between the Group and key management personnel (Continued)

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Balances at end of the period/year		
Loans and advances to customers	2,223	3,198
Deposits from customers	42,907	47,506

##### (ii) Key management personnel compensation

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Short-term staff benefits	3,504	2,999
Retirement benefits		
– Basic social pension insurance	874	896
	4,378	3,895

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 43. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS (Continued)

#### (d) Loans and advances to directors, supervisors and officers

Loans and advances to directors, supervisors and officers of the Group disclosed pursuant to section 383 to the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	At 30 June 2023 (Unaudited) RMB'000	Maximum balance for the period ended 30 June 2023 RMB'000	At 31 December 2022 (Audited) RMB'000	Maximum balance for the year ended 31 December 2022 RMB'000
Loans and advances to directors, supervisors and officers	2,223	2,223	3,198	5,770

### 44. SEGMENT REPORTING

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

#### Corporate banking

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

#### Retail banking

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 44. SEGMENT REPORTING (Continued)

#### Treasury operations

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

#### Others

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

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

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

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

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 44. SEGMENT REPORTING (Continued)

#### Others (Continued)

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

	Six months ended 30 June 2023				
	Corporate banking (Unaudited) RMB'000	Retail banking (Unaudited) RMB'000	Treasury operations (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Operating income					
External net interest income/ (expense)	3,895,288	(2,274,461)	796,302	(20)	2,417,109
Internal net interest (expense)/ income	(2,233,464)	3,578,646	(1,345,182)	-	-
Net interest income/(expense)	1,661,824	1,304,185	(548,880)	(20)	2,417,109
Net fee and commission income	2,486	3,840	1,343	-	7,669
Net trading gains	-	-	43,142	-	43,142
Dividend income	-	-	-	854	854
Net gains arising from investment securities	-	-	80,138	-	80,138
Net exchange gains	-	-	-	2,368	2,368
Other operating income, net	-	-	-	(33,811)	(33,811)
Operating income/(losses)	1,664,310	1,308,025	(424,257)	(30,609)	2,517,469
Operating expenses	(714,818)	(654,138)	(10,596)	(589)	(1,380,141)
Impairment losses on assets	(715,617)	(89,655)	(228,938)	(9,688)	(1,043,898)
Operating profit/(loss)	233,875	564,232	(663,791)	(40,886)	93,430
Share of results of associates	-	-	-	2,337	2,337
Profit/(loss) before tax	233,875	564,232	(663,791)	(38,549)	95,767
Other segment information					
- Depreciation and amortisation	115,444	107,461	2,630	392	225,927
- Capital expenditure	21,480	17,107	1,308	129	40,024
Segment assets	156,067,198	23,526,357	83,672,834	2,605,008	265,871,397
Deferred tax assets	-	-	-	1,405,300	1,405,300
Total assets	156,067,198	23,526,357	83,672,834	4,010,308	267,276,697
Segment liabilities	(45,489,261)	(193,123,092)	(9,387,869)	(487,629)	(248,487,851)
Dividend payable	-	-	-	(134)	(134)
Total liabilities	(45,489,261)	(193,123,092)	(9,387,869)	(487,763)	(248,487,985)

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 44. SEGMENT REPORTING (Continued)

#### Others (Continued)

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

	Six months ended 30 June 2022				
	Corporate banking (Unaudited) RMB'000	Retail banking (Unaudited) RMB'000	Treasury operations (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Operating income					
External net interest income/ (expense)	4,175,132	(1,874,740)	647,260	(22)	2,947,630
Internal net interest (expense)/ income	(2,129,316)	3,315,119	(1,185,803)	-	-
Net interest income/(expense)	2,045,816	1,440,379	(538,543)	(22)	2,947,630
Net fee and commission income	6,119	3,906	20,391	-	30,416
Net trading gains	-	-	65,433	-	65,433
Dividend income	-	-	-	21,398	21,398
Net gains arising from investment securities	-	-	32,296	-	32,296
Net exchange gains	-	-	-	4,843	4,843
Other operating income, net	-	-	-	49,834	49,834
Operating income/(losses)	2,051,935	1,444,285	(420,423)	76,053	3,151,850
Operating expenses	(888,268)	(371,037)	(60,149)	(2,731)	(1,322,185)
Impairment losses on assets	(603,920)	(343,701)	(92,275)	(8,510)	(1,048,406)
Operating profit/(loss)	559,747	729,547	(572,847)	64,812	781,259
Share of results of associates	-	-	-	(6,340)	(6,340)
Profit/(loss) before tax	559,747	729,547	(572,847)	58,472	774,919
Other segment information					
- Depreciation and amortisation	163,405	63,684	28,155	570	255,814
- Capital expenditure	28,115	14,022	533	430	43,100

	Year ended 31 December 2022				
	Corporate banking (Audited) RMB'000	Retail banking (Audited) RMB'000	Treasury operations (Audited) RMB'000	Others (Audited) RMB'000	Total (Audited) RMB'000
Segment assets	152,650,278	22,120,672	88,446,324	2,564,566	265,781,840
Deferred tax assets	-	-	-	1,218,909	1,218,909
Total assets	152,650,278	22,120,672	88,446,324	3,783,475	267,000,749
Segment liabilities	(55,727,425)	(177,447,680)	(14,650,805)	(555,015)	(248,380,925)
Dividend payable	-	-	-	(478)	(478)
Total liabilities	(55,727,425)	(177,447,680)	(14,650,805)	(555,493)	(248,381,403)



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 44. SEGMENT REPORTING (Continued)

#### Others (Continued)

##### (b) Geographical information

The Group operates principally in Mainland China.

Non-current assets include property and equipment, right-of-use assets and long-term deferred expenses. In presenting of geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the subsidiaries which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Jilin Region” refers to the head quarter of the Bank and the 13 (31 December 2022: 13) subsidiaries of the Group.
- “Mainland China excluding Jilin Region” refers to the following areas serviced by the Bank and its subsidiaries: Anhui Province, Hebei Province, Hubei Province, Guangdong Province, Hainan Province, Heilongjiang Province, Shaanxi Province, Shandong Province and Tianjin City.

	Operating Income Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Jilin Region	2,093,848	2,705,186
Mainland China excluding Jilin Region	423,621	446,664
	<b>2,517,469</b>	3,151,850

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 44. SEGMENT REPORTING (Continued)

#### Others (Continued)

#### (b) Geographical information (Continued)

	Non-current asset	
	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Jilin Region	2,583,075	2,678,050
Mainland China excluding Jilin Region	714,969	739,195
	<b>3,298,044</b>	3,417,245

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

#### (i) Debt securities

Fair values of debt securities investments are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on discounted cash flows.

#### (ii) Receivables and other non-derivative 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) Unlisted equity investments

The fair value of the unlisted equity investment has been estimated by using the market approach, recent transaction price, using ratio of price to book value ("PB Ratio") of certain listed companies in the same industry, in arriving at an indicated value of the unlisted equity interest. The valuation takes account of a discount for lack of marketability ("DLOM") on this investment.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

##### (iv) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on the present value of estimated future cash flows at the end of the reporting period. The fair values of other non-derivative 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.

#### (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 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.

Financial assets at FVTPL and financial assets at FVTOCI are stated at fair value. The carrying amount of financial assets at amortised cost approximates their fair values.

##### (ii) Financial liabilities

The Group's financial liabilities mainly include borrowings from the central bank, deposits and placements from banks, financial assets sold under repurchase agreements, deposits from customers and debts securities issued. The carrying amounts of financial liabilities are approximate to their fair value.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### (c) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value (excluding accrued interest) in the condensed consolidated statements of financial position across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. These three types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
  
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
  
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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, discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

	At 30 June 2023			
	Level 1	Level 2	Level 3	Total
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
<b>Assets</b>				
Financial assets at FVTPL (Note 17)				
– unlisted equity investments measured at FVTPL	–	–	825,409	825,409
Financial assets at FVTOCI (Note 19)				
– debt securities	–	10,143,004	–	10,143,004
– unlisted equity investments measured at FVTOCI	–	–	136,709	136,709
	–	10,143,004	962,118	11,105,122

	At 31 December 2022			
	Level 1	Level 2	Level 3	Total
	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
<b>Assets</b>				
Financial assets at FVTPL (Note 17)				
– unlisted equity investments measured at FVTPL	–	–	906,138	906,138
– other debt instruments	–	1,002,961	–	1,002,961
Financial assets at FVTOCI (Note 19)				
– debt securities	–	3,839,917	–	3,839,917
– unlisted equity investments measured at FVTOCI	–	–	141,267	141,267
	–	4,842,878	1,047,905	5,890,283

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

- (i) The Group uses valuation techniques to determine the fair value of financial instruments when open quotation in active markets is not available. The main parameters used in valuation techniques for financial instruments held by the Group include bond prices, interest rates, foreign exchange rates, equity and stocks prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are basically observable and obtainable from open market.
- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below:

Financial assets	Fair value as at,		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000				
<b>Financial assets at FVTPL</b>						
Unlisted equity investments measured at FVTPL	825,409	889,259	Level 3	Market approach adopted. The value is based on PB Ratio, adjusted by discount for lack of marketability ("DLOM").	The PB Ratio is 0.67 (31 December 2022: 0.78). The DLOM is 10% (31 December 2022: 10%)	The higher the PB Ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (i))
	-	16,879	Level 3	Based on recent transaction price.	Recent transaction price	The higher the recent transaction price, the higher the fair value
Other debt instruments	-	1,002,961	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
<b>Financial assets at FVTOCI</b>						
Debt securities – listed	10,143,004	3,839,917	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
Unlisted equity investments measured at FVTOCI	136,709	141,267	Level 3	Market approach adopted. The value is based on PB ratio, adjusted by DLOM.	The PB ratio is 0.67 (31 December 2022: 0.78). The DLOM is 10% (31 December 2022: 10%)	The higher the PB ratio, the higher the fair value. The higher the DLOM, the lower the fair value. (Note (ii))

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 45. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below: (Continued)

Notes:

- (i) A 5% increase in PB Ratios used in isolation would result in an increase in fair value measurement of unlisted equity investments at FVTPL by approximately RMB31,007,000 (31 December 2022: approximately RMB34,621,000) and vice versa.

A 0.5% increase in DLOM used in isolation would result in a decrease in fair value measurement of unlisted equity investments at FVTPL by approximately RMB3,445,000 (31 December 2022: approximately RMB3,847,000) and vice versa.

- (ii) A 5% increase in PB Ratios used in isolation would result in an increase in fair value measurement of unlisted equity investments at FVTOCI by approximately RMB1,627,000 (31 December 2022: approximately RMB1,855,000) and vice versa.

A 0.5% increase in DLOM used in isolation would result in a decrease in fair value measurement of unlisted equity investments at FVTOCI by approximately RMB181,000 (31 December 2022: approximately RMB206,000) and vice versa.

Reconciliation of Level 3 fair value measurements of financial assets:

	Unlisted equity investment		Total RMB'000
	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	
	At 31 December 2021 (Audited)	1,044,407	
Fair value losses recognised in profit or loss <sup>1</sup>	(138,269)	–	(138,269)
Fair value gain recognised in OCI <sup>2</sup>	–	(25,580)	(25,580)
Deemed disposal of a subsidiary	–	(10,200)	(10,200)
Disposals	–	(1,403)	(1,403)
At 31 December 2022 and 1 January 2023 (Audited)	<b>906,138</b>	<b>141,267</b>	<b>1,047,405</b>
Fair value losses recognised in profit or loss <sup>1</sup>	<b>(80,729)</b>	–	<b>(80,729)</b>
Fair value losses recognised in OCI <sup>2</sup>	–	<b>(4,558)</b>	<b>(4,558)</b>
At 30 June 2023 (Unaudited)	<b>825,409</b>	<b>136,709</b>	<b>962,118</b>

<sup>1</sup> Included in “net trading gains” under profit or loss

<sup>2</sup> Included in investment revaluation reserve

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 46. 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 consolidated statements of financial position. Surplus funding is accounted for as deposits from customers.

	At 30 June 2023 (Unaudited)	At 31 December 2022 (Audited)
Entrusted loans	20,562,961	24,086,281
Entrusted funds	20,563,987	24,087,307

### 47. COMMITMENTS

#### (a) Credit commitments

The Group's credit commitments take the form of acceptances, letters of guarantees, letters of credit and unused credit card commitments.

The Group provides letters of 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. The amounts disclosed in respect of unused credit card commitments are under the assumption that the amounts will be fully advanced.

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Acceptances	1,889,731	2,410,505
Letters of guarantees	3,782,522	4,411,457
Letters of credit	3,963	3,738
Unused credit card commitments	164,202	162,066
	<b>5,840,418</b>	<b>6,987,766</b>



## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 47. COMMITMENTS (Continued)

#### (a) Credit commitments (Continued)

The Group may be exposed to credit risk in all the above credit businesses. The Group's Management periodically assesses credit risk and makes provision 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.

#### (b) Capital commitments

At 30 June 2023 and 31 December 2022, the Group's authorised capital commitments are as follows:

	At 30 June 2023 (Unaudited) RMB'000	At 31 December 2022 (Audited) RMB'000
Purchase of property and equipment – Contracted for but not provided	5,279	7,223

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 48. 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 those for which cash flows were, or future cash flow will be, classified in the Group's condensed consolidated statement of cash flows from financing activities.

	1 January 2023 (Audited) RMB'000	Financing cash flows (Unaudited) RMB'000	Non-cash change				30 June 2023 (Unaudited) RMB'000
			Finance cost incurred (Unaudited) RMB'000	New lease arrangement entered (Unaudited) RMB'000	Early termination of lease (Unaudited) RMB'000	Lease modification (Unaudited) RMB'000	
<b>Liabilities</b>							
Debt securities issued (Note 33)	5,351,209	(2,064,047)	102,940	-	-	-	3,390,102
Dividend payable (Note 34)	478	(344)	-	-	-	-	134
Lease liabilities (Note 23)	429,046	(90,567)	8,896	67,623	(1,676)	1,778	415,100
	5,780,733	(2,154,958)	111,836	67,623	(1,676)	1,778	3,805,336

	1 January 2022 (Audited) RMB'000	Financing cash flows (Unaudited) RMB'000	Finance cost incurred (Unaudited) RMB'000	Non-cash change			30 June 2022 (Unaudited) RMB'000
				New lease arrangement entered (Unaudited) RMB'000	Acquisition of subsidiary (Unaudited) RMB'000	Early termination of lease (Unaudited) RMB'000	
<b>Liabilities</b>							
Debt securities issued	6,290,398	(322,261)	141,997	-	-	-	6,110,134
Lease liabilities	518,779	(105,446)	11,589	58,231	3,202	(12,227)	474,128
	6,809,177	(427,707)	153,586	58,231	3,202	(12,227)	6,584,262

## Chapter 9 Notes to the Condensed Consolidated Financial Statements (continued)

For the period ended 30 June 2023

### 49. NON-CASH TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group entered the following major non-cash transactions:

- (i) During the period ended 30 June 2023, the Group entered into new arrangements in respect of premises. Right-of-use assets and lease liabilities of RMB67,623,000 were recognised at the commencement of the leases.
  
- (ii) During the period ended 30 June 2022, the Group entered into new arrangements in respect of premises and motor vehicles. Right-of-use assets and lease liabilities of RMB58,231,000 were recognised at the commencement of the leases.

## Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the consolidated financial statements, and is included herein for information purpose only.

### 1. Leverage ratio (%)

	At June 30, 2023	At December 31, 2022
Leverage Ratio	6.63%	6.61%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by former CBIRC and was effective since April 1, 2015, a minimum leverage ratio 4% is required.

The above leverage ratio is calculated in accordance with the formula promulgated by former CBIRC and based on the financial information prepared in accordance with PRC GAAP.

### 2. Currency concentrations

	At June 30, 2023		Total
	USD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	22,758	2,134	24,892
Spot liabilities	(5,105)	–	(5,105)
<b>Net position</b>	<b>17,653</b>	<b>2,134</b>	<b>19,787</b>

	At December 31, 2022		Total
	USD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	34,745	3,437	38,182
Spot liabilities	(17,242)	(65)	(17,307)
<b>Net position</b>	<b>17,503</b>	<b>3,372</b>	<b>20,875</b>

The above information is computed in accordance with the provisions of former CBIRC. The Group has no structural position as at the end of each Reporting Period.

## Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

### 3. International claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, deposit and placement with 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 any 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.

	At June 30, 2023	At December 31, 2022
Deposit with banks Asia Pacific excluding Mainland China	1,089	8,871

### 4. Loans and advances overdue for more than 90 days by geographical segments

	At June 30, 2023	At December 31, 2022
Jilin Region	6,540,730	2,982,452
Mainland China excluding Jilin Region	738,565	562,339
Total	7,279,295	3,544,791

## Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

### 5. Gross amount of loans and advances overdue for more than 90 days

	At June 30, 2023	At December 31, 2022
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between three months and six months (inclusive)	3,505,448	196,106
– Between six months and one year (inclusive)	475,955	500,342
– Between one year and three years	2,124,520	1,847,451
– Over three years	1,173,373	1,000,892
<b>Total</b>	<b>7,279,296</b>	<b>3,544,791</b>
As a percentage of total gross loans and advances		
– Between three months and six months (inclusive)	1.96%	0.11%
– Between six months and one year (inclusive)	0.26%	0.30%
– Between one year and three years	1.19%	1.07%
– Over three years	0.65%	0.58%
<b>Total</b>	<b>4.06%</b>	<b>2.06%</b>

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

### 6. Non-bank mainland China exposure

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. At June 30, 2023 and December 31, 2022, substantial amounts of the Bank's exposures arose from business with mainland China entities or individuals.



吉林九台農村商業銀行股份有限公司  
JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED