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Bank of Jiujiang Co., Ltd.*
九江銀行股份有限公司*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6190)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board of directors (the “**Board**”) of Bank of Jiujiang Co., Ltd.* (the “**Bank**”) is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the “**Group**”) for the six months ended June 30, 2024 (the “**Interim Results**”). This Interim Results announcement contains the full text of the interim report of the Group for the six months ended June 30, 2024 and is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany the preliminary announcement of interim results.

The interim report of the Group for the six months ended June 30, 2024 will be published on the website of the Bank (www.jjccb.com) and the HKEXnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) respectively in due course.

By order of the Board
Bank of Jiujiang Co., Ltd.*
Zhou Shixin
Chairman

Jiangxi, the People's Republic of China
August 30, 2024

As at the date of this announcement, the Board of the Bank comprises Mr. Zhou Shixin, Mr. Xiao Jing and Mr. Yuan Delei as executive Directors; Mr. Luo Feng, Mr. Shi Zhishan, Ms. Zhou Miao and Mr. Liu Yinan as non-executive Directors; and Ms. Wang Wanqiu, Mr. Zhang Yonghong, Mr. Tian Li and Mr. Guo Jiequn as independent non-executive Directors.

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

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Company Profile

1. BASICS

Legal name in Chinese	:	九江銀行股份有限公司*
Legal name in English	:	Bank of Jiujiang Co., Ltd.*
Legal representative	:	ZHOU Shixin (周時辛)
Company secretary	:	WONG Wai Chiu (黃偉超)
Authorized representatives	:	XIAO Jing (肖璟)
H-share exchange	:	The Stock Exchange of Hong Kong Limited
Stock short name	:	BANK OF JIUJIANG
Stock code	:	06190
Unified social credit code	:	9136040070552834XQ
License number for financial business operations	:	B0348H336040001
Registered capital	:	RMB2,847,367,200
Registered address and office address	:	No. 619 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province, China (Postal code: 332000)
Principal place of business in Hong Kong	:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong
Contact details	:	Tel: +86(792)7783000-1101 Fax: +86(792)8325019 Email: dshbgs6190@jjccb.com Website: www.jjccb.com Customer service hotline: +86 95316
PRC auditor	:	KPMG Huazhen LLP
International auditor	:	KPMG
PRC legal advisor	:	JunHe LLP (北京市君合律師事務所)
Hong Kong (PRC) legal advisor	:	Clifford Chance
H-share registrar and transfer office	:	Computershare Hong Kong Investor Services Limited
Domestic share depository	:	China Securities Depository and Clearing Corporation Limited (CSDC)
HKEXnews website of the Hong Kong Stock Exchange for publication of this report	:	www.hkexnews.hk

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Company Profile

2. ABOUT US

Approved by Wuhan Branch of the People's Bank of China for the establishment, Bank of Jiujiang Co., Ltd. ("**Bank of Jiujiang**" or the "**Bank**") was a regional commercial bank incorporated in November 2000 from eight urban credit cooperatives in Jiujiang City. In October 2008, the Bank officially changed its name to Bank of Jiujiang Co., Ltd. On July 10, 2018, Bank of Jiujiang was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06190).

Since its establishment, the staff of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured great hardships in order to realize the achievements that Bank of Jiujiang has today. Meanwhile, the Bank consistently optimized its shareholder structure and successively introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. In addition, the Bank has successively received numerous recognitions including "National Advanced Grassroots Party Organization" and "National May Day Labour Award".

As of the end of the reporting period, Bank of Jiujiang (including controlled county banks) has 5,478 full-time employees, with an average age of 30.26. Among them, 4,798 had undergraduate degrees or graduated from junior colleges, accounting for 87.59%, while 671 had master's degrees (and above), accounting for 12.25%. Including the head office, 13 branches and 264 sub-branches, the Bank has successively initiated the establishment of 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.

3. MAJOR AWARDS IN THE FIRST HALF OF 2024

In January 2024, the China National Clearing Center held the 2023 Digital Supply Chain Financial Service Platform Operation Conference to commend institutions and individuals who have made outstanding contributions to the construction and operation of the platform. The Bank was recognized with the "Excellent Participating Institution Award in 2023".

In January 2024, the Bank received the Letter of China UnionPay Jiangxi Branch on Commending the Advanced Unit and Excellent Individual of UnionPay Cooperation in 2023. The Bank won various honors, such as "Mobile Payment Promotion Award in 2023", "Business Innovation Award in 2023" and "Consumption Promotion Award by Assisting Business to Benefit the People in 2023" by virtue of the outstanding performance in mobile payment and credit card business.

In January 2024, the RFID compound smart safe box program, remote counter construction program and risk management workbench (Fengxiangtai (風象台)) of the Bank was awarded the "Scenario Finance Innovation Excellent Case Award", "Product Innovation Excellent Case Award" and "Risk Management Innovation Excellent Case Award", respectively, at the "2023 City Financial Service Excellent Case Selection" activity held by Clearing Center for City Commercial Banks.

In January 2024, the People's Bank of China announced the winners of the "2022 Fintech Development Award", and the "New Generation Online Industrial Financial Platform" project declared by the Bank was awarded the "Third Prize of 2022 Fintech Development Award", and the Bank was the only city commercial bank in the five provinces in central China that was awarded this honor.

Company Profile

In January 2024, China Central Depository & Clearing Co., Ltd. announced the 2023 CCDC member business development quality election results, and the Bank was awarded the title of the “2023 Top 100 Proprietary Dealer”, marking the sixth consecutive year it has won such awards since 2018.

In January 2024, the Export-Import Bank of China announced the list of 2023 excellent organizations and individuals of domestic RMB financial bond underwriting and market-making groups, and the Bank was awarded two institutional awards including “Excellent Underwriter” and “Excellent Market Maker” of the 2023 RMB financial bond underwriting and market making groups, marking the fifth consecutive year it has won such awards since 2019.

In February 2024, China Foreign Exchange Trade System & National Interbank Funding Center issued the Announcement on the Results of Selected Outstanding High-quality Development of Business of the Interbank RMB Market Members for 2023 《2023年度銀行間本幣市場成員業務高質量發展評價結果的公告》. The Bank was awarded two awards including “Annual Market Influence Institution” and “Market Innovation Business Institution”. The Bank has won awards related to the interbank market for six consecutive years since 2018.

In April 2024, the Bank won the third prize in the individual category of the “Safeguarding Jiangxi” Financial Intelligence Clue Analysis Competition hosted by Jiangxi Branch of the People’s Bank of China and the Jiangxi Provincial Party Committee’s National Security Office.

In June 2024, the “Yili Tianxia • 2023 Jiangxi Social Responsibility Enterprises (Entrepreneurs)” Jiujiang Sub-list Conference was held, and the Bank was awarded the title of “2023 Jiujiang Social Responsibility Enterprise”.

In June 2024, after evaluation by Beijing National Institute of Financial Standardization Co., Ltd and the China Banking Association, the Bank’s enterprise standard Q/BOJJ006-2023 “Jiujiang Bank Digital Confirmation Service Specification” was awarded the 2023 Enterprise Standard “Pacesetter” Certificate.

In July 2024, the “5th Future Transaction Banking International Summit 2024”, jointly hosted by the Asian Financial Federation, Shanghai Pudong International Finance Institute, Shanghai Big Data Alliance, and Yangtze Delta Fintech Institute, was held in Shanghai. The Bank was awarded the “Best Industrial Finance Innovation Bank”.

In July 2024, the Bank was invited to attend the 12th Small and Medium Bank Development Summit Forum 2024, hosted by Modern Bankers Journal and held in Beijing. The Bank was awarded the “Best Digital Finance Small and Medium Bank”.

Accounting Data and Financial Indicator Highlights

The financial information of the Bank and its subsidiaries (hereinafter collectively referred to as the “Group”) set forth in this interim report is prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”) and expressed in Renminbi (“RMB”) unless otherwise stated.

	For the six months ended June 30,	
	2024	2023
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Results of operations		
Net interest income	4,510.4	4,128.6
Net fee and commission income	454.0	392.2
Operating income	5,500.5	5,255.4
Operating expenses	(1,520.4)	(1,446.0)
Impairment losses on assets	(3,462.2)	(2,806.4)
Profit before taxation	521.3	1,010.7
Net profit for the period	592.2	944.3
Net profit for the period attributable to shareholders of the Bank	553.9	922.1
Calculated on a per share basis (RMB)		
Net assets per share attributable to shareholders of the Bank ⁽¹⁾	11.93	12.19
Basic earnings per share ⁽²⁾	0.08	0.24
Diluted earnings per share ⁽²⁾	0.08	0.24
Profitability indicators (%)		
Return on average total assets ⁽³⁾	0.24	0.39
Return on average equity ⁽⁴⁾	1.30	4.04
Net interest spread ⁽⁵⁾	1.82	1.74
Net interest margin ⁽⁶⁾	1.87	1.77
Net fee and commission income to operating income	8.25	7.46
Cost-to-income ratio ⁽⁷⁾	26.60	26.38

Accounting Data and Financial Indicator Highlights

	June 30, 2024	December 31, 2023
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Capital adequacy indicators (%)		
Core tier-one capital adequacy ratio ⁽⁸⁾	9.41	8.64
Tier-one capital adequacy ratio ⁽⁸⁾	11.95	11.07
Capital adequacy ratio ⁽⁸⁾	13.15	12.01
Total equity to total assets	8.40	8.13
Asset quality indicators (%)		
Non-performing loan ratio ⁽⁹⁾	2.57	2.09
Allowance coverage ratio ⁽¹⁰⁾	152.22	153.82
Allowance-to-loan ratio ⁽¹¹⁾	3.92	3.21
Scale indicators		
Total assets	497,839.9	503,849.2
Including: Net loans and advances to customers	303,034.9	293,410.2
Total liabilities	456,041.9	462,892.7
Including: Customer deposits	365,047.3	370,733.0
Share capital	2,847.4	2,847.4
Equity attributable to shareholders of the Bank	40,957.2	40,156.5
Non-controlling interests	840.8	800.0
Total equity	41,798.0	40,956.5
Net capital base ⁽⁸⁾	47,017.7	44,579.4
Other financial indicators (%)		
Leverage ratio ⁽¹²⁾	7.29	7.12
Liquidity ratio ⁽¹³⁾	59.40	56.40
Loan to deposit ratio	85.90	81.36
Ratio of loans and advances to single top customer ⁽¹⁴⁾	0.91	0.99
Ratio of loans and advances to top 10 single customers ⁽¹⁴⁾	4.38	4.55

Accounting Data and Financial Indicator Highlights

Notes:

- (1) Represents shareholders' equity attributable to the Bank after deducting other equity instruments at the end of the reporting period, divided by total number of ordinary share capital at the end of the reporting period.
- (2) Represents the ratio of net profit attributable to the Bank's shareholders, after deduction of the dividend on perpetual bonds paid during the reporting period, to the weighted average ordinary share capital.
- (3) Represents the ratio of net profit for the reporting period to the average balance of total assets at the beginning and end of the period.
- (4) Represents the ratio of net profit attributable to the Bank's shareholders, after deduction of the dividend on perpetual bonds paid during the reporting period, to the weighted average balance attributable to the Bank's shareholders' equity after deducting other equity instruments during the reporting period.
- (5) Calculated as the difference between the average annualized yield on total interest-earning assets and the average annualized interest rate of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (6) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (7) Calculated by dividing operating expenses, excluding tax and surcharges, by operating income.
- (8) Calculated in accordance with the relevant regulations of the national financial regulatory institution.
- (9) Calculated by dividing total non-performing loans by gross loans to customers.
- (10) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) by total non-performing loans.
- (11) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) by gross loans to customers.
- (12) Calculated by dividing in-sheet balance and off-sheet balance of capital (after adjustment) into tier-one net capital according to the regulatory standards.
- (13) Calculated by dividing current liabilities into current assets according to the regulatory standards.
- (14) Ratio of loans and advances to single top customer and ratio of loans and advances to top 10 single customers were recalculated according to the regulatory standards and based on the reviewed data.

Management Discussion and Analysis

1. PAST ECONOMIC AND POLITICAL SCENARIOS

In the first half of 2024, facing an unusually complex international environment and the challenging tasks of advancing reform and development and ensuring stability at home, the CPC Central Committee with Comrade Xi Jinping as the core united and led the whole Party and the people of all ethnic groups in China, resisted external pressure and overcame internal difficulties with dedicated efforts. The main goals and tasks for economic and social development in 2024 were accomplished, and we made steady progress in pursuing high-quality development, maintained overall social stability, and made solid advances in building a modern socialist country in all respects. According to the operation of the national economy in the first half of 2024 published by the National Bureau of Statistics, the GDP in the first half of the year reached RMB61.68 trillion, representing a year-on-year increase of 5.0%, and the overall economic growth rebounded.

In the first half of 2024, the whole province of Jiangxi conscientiously implemented the decision-making arrangements made by the CPC Central Committee and the State Council and the work requirements of Jiangxi Provincial Party Committee and Jiangxi Provincial Government to stabilize economic growth. With various risks and challenges effectively addressed, Jiangxi Province vigorously promoted its economic development in terms of quantity and quality, deepened reform and opening up with solid progress, consolidated and enhanced its ecological advantages, and improved the lives of its people across the board. In this way, Jiangxi Province has taken firm steps to build socialist modernization in an all-round manner. According to data released by the National Bureau of Statistics, Jiangxi Province's GDP in the first half of 2024 reached RMB1,563,800 million, representing a year-on-year increase of 4.5%, which is faster than the growth rate in the first quarter.

In the first half of 2024, the National Financial Regulatory Administration resolutely implemented the decision-making arrangements made by the CPC Central Committee and the State Council, adhered to the general work tone of striving for progress while maintaining stability, completely, accurately and comprehensively implemented the new development concept, accelerated the construction of a new development pattern for services, supported the promotion of high-quality development, promoted the overall recovery and improvement of economic operation, and kept the bottom line of no systematic financial risks. Firstly, the main businesses of banking and insurance maintained steady growth; secondly, the support for key areas and weak links was continuously increased; thirdly, scientific and technological innovation and green development were actively supported; fourthly, the support for improving the people's livelihood was continuously increased; fifthly, the main risk supervision indicators were in a reasonable range; and sixthly, the overall ability to resist risks was sufficient.

Management Discussion and Analysis

2. GENERAL SITUATION OF OPERATION

In the first half of 2024, the Group focused on the objective of “taking the lead, competing for the first place and performing well”, continued to implement the “five priorities”, practiced the market positioning of “serving the local economy, small and medium-sized enterprises, and urban and rural residents”, firmly implemented the pace of transformation, refined operation and management, and realized operating income of RMB5,501 million and net profit of RMB592 million.

3. INCOME STATEMENT ANALYSIS

During the reporting period, the Group achieved a net profit of RMB592 million. During the reporting period, the Group continued to implement the national decisions and arrangements on reducing fees and making interest concessions, actively introduced measures to benefit enterprises and the people, further reduced the operating costs of the real economy and the burden on financial consumers. Meanwhile, the Group prioritized the enhancement of risk prevention and control capabilities, and increased allowances for asset impairment.

	For the six months ended June 30,	
	2024	2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Interest income	9,746.5	9,799.9
Interest expense	(5,236.1)	(5,671.3)
Net interest income	4,510.4	4,128.6
Fee and commission income	513.8	445.7
Fee and commission expense	(59.8)	(53.5)
Net fee and commission income	454.0	392.2
Net gains arising from financial investments	538.4	629.6
Other operating income	(2.3)	105.0
Operating income	5,500.5	5,255.4
Operating expenses	(1,520.4)	(1,446.0)
Impairment losses on assets	(3,462.2)	(2,806.4)
Share of profits of associates	3.4	7.7
Profit before taxation	521.3	1,010.7
Income tax	70.9	(66.4)
Net profit for the period	592.2	944.3
Net profit for the period attributable to:		
Shareholders of the Bank	553.9	922.1
Non-controlling interests	38.3	22.2

Management Discussion and Analysis

3.1 Net interest income, net interest spread and net interest margin

During the reporting period, the Group achieved a net interest income of RMB4,510 million, accounting for 82.0% of operating income.

During the reporting period, the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average annualized yield of interest-earning assets and the average annualized interest rate of interest-bearing liabilities of the Group are as follows:

	For the six months ended June 30,					
	2024			2023		
	Average balance	Interest income/expense	Average annualized yield/interest rate (%) ⁽¹⁾	Average balance	Interest income/expense	Average annualized yield/interest rate (%) ⁽¹⁾
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Interest-earning assets						
Loans and advances to customers	302,135.2	7,184.5	4.76	280,357.9	6,953.6	4.96
Financial investments ⁽²⁾	125,906.9	2,122.2	3.37	132,594.8	2,411.8	3.64
Financial assets held under resale agreements	24,158.2	230.4	1.91	21,740.9	190.8	1.76
Balances with the central bank ⁽³⁾	27,075.1	202.4	1.50	29,080.7	218.6	1.50
Deposits with banks and other financial institutions ⁽⁴⁾	2,000.4	7.0	0.70	3,610.6	25.1	1.39
Total interest-earning assets	481,275.8	9,746.5	4.05	467,384.9	9,799.9	4.19
Interest-bearing liabilities						
Customer deposits	368,478.8	4,058.0	2.20	362,922.5	4,645.7	2.56
Deposits from banks and other financial institutions ⁽⁵⁾	14,530.1	203.6	2.80	32,516.1	300.8	1.85
Financial assets sold under repurchase agreements	21,812.2	193.5	1.77	23,088.7	175.3	1.52
Debt securities issued ⁽⁶⁾	37,044.4	472.4	2.55	27,146.3	355.8	2.62
Borrowings from the central bank	26,842.8	303.2	2.26	16,964.5	187.3	2.21
Lease liabilities	309.4	5.4	3.49	329.7	6.4	3.88
Total interest-bearing liabilities	469,017.7	5,236.1	2.23	462,967.8	5,671.3	2.45
Net interest income		4,510.4			4,128.6	
Net interest spread (%)⁽⁷⁾		1.82			1.74	
Net interest margin (%)⁽⁸⁾		1.87			1.77	

Notes:

(1) Calculated by dividing interest income/expense by average balance.

(2) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.

Management Discussion and Analysis

- (3) Consists primarily of statutory deposit reserves and surplus deposit reserves.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.
- (7) Calculated as the difference between the average annualized yield on total interest-earning assets and the average annualized interest rate of total interest-bearing liabilities.
- (8) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

The following table sets forth the changes in interest income and interest expenses of the Group due to changes in scale and interest rates during the period indicated. The change in scale is measured by the change in the average balance of interest-earning assets and interest-bearing liabilities, while the change in interest rates is measured by the change in the average interest rates of interest-earning assets and interest-bearing liabilities. The combined effect of scale and interest rates is included in interest rate changes.

	For the six months ended June 30, Changes in 2024 vs. 2023 Reasons of increase/(decrease)		
	Scale ⁽¹⁾	Rate ⁽²⁾	Net increase/ decrease ⁽³⁾
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Interest-earning assets			
Loans and advances to customers	533.0	(302.1)	230.9
Financial investments ⁽⁴⁾	(119.6)	(170.0)	(289.6)
Financial assets held under resale agreements	21.5	18.1	39.6
Balances with the central bank ⁽⁵⁾	(16.2)	–	(16.2)
Deposits with banks and other financial institutions ⁽⁶⁾	(11.2)	(6.9)	(18.1)
Change in interest income	407.5	(460.9)	(53.4)
Interest-bearing liabilities			
Customer deposits	75.6	(663.3)	(587.7)
Deposits from banks and other financial institutions ⁽⁷⁾	(166.2)	69.0	(97.2)
Financial assets sold under repurchase agreements	(9.1)	27.3	18.2
Debt securities issued ⁽⁸⁾	129.6	(13.0)	116.6
Borrowings from the central bank	109.2	6.7	115.9
Lease liabilities	(0.4)	(0.6)	(1.0)
Change in interest expense	138.7	(573.9)	(435.2)
Change in net interest income	268.8	113.0	381.8

Management Discussion and Analysis

Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average annualized yield/interest rate of the previous period.
- (2) Represents the average annualized yield/interest rate of the reporting period deducting the average annualized yield/interest rate of the previous period multiplied by the average balance for the reporting period.
- (3) Represents interest income/expense during the reporting period deducting interest income/expense from the previous period.
- (4) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.
- (5) Consists primarily of statutory deposit reserves and surplus deposit reserves.
- (6) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (7) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (8) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.

3.2 Interest income

In the first half of 2024, the Group continued to carry out and implement the national decisions and arrangements on reducing fees and making interest concessions, actively introduced measures to benefit enterprises and the people, further reduced the operating costs of the real economy and the burden on financial consumers and strived to improve the quality and efficiency of financial services. During the reporting period, the Group achieved interest income of RMB9,747 million, representing a year-on-year decrease of RMB53 million or 0.5%. The decrease in interest income was mainly due to the decrease in the average asset yield of interest-earning assets, partially offset by an increase in the average balances. During the reporting period, the increase in the average balance of interest-earning assets was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average asset yield was mainly due to the decreased profitability of loans and advances to customers and financial investment business as a result of the acceleration of interest rate marketization and the downward trend of the macro market interest rate, and the Group actively implemented various national policies on reducing fees and making interest concessions.

3.2.1 Interest income from loans and advances to customers

During the reporting period, interest income from the Group's loans and advances to customers was RMB7,185 million, representing a year-on-year increase of RMB231 million or 3.3%.

The following table sets forth the average balance, interest income and average annualized yield of various components of loans and advances to customers of the Group in the period indicated.

	For the six months ended June 30,					
	2024			2023		
	Average balance	Interest income	Average annualized yield (%)	Average balance	Interest income	Average annualized yield (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>					
Corporate loans and advances	189,464.4	4,745.1	5.01	159,083.0	4,223.4	5.31
Retail loans and advances	92,259.9	2,275.1	4.93	92,382.8	2,414.7	5.23
Discounted bills	20,410.9	164.3	1.61	28,892.1	315.5	2.18
Total	302,135.2	7,184.5	4.76	280,357.9	6,953.6	4.96

Management Discussion and Analysis

3.2.2 Interest income from financial investments

During the reporting period, interest income from financial investments of the Group amounted to RMB2,122 million, representing a year-on-year decrease of RMB290 million or 12.0%, mainly due to the decrease in the scale of financial investments, as well as the adoption of a prudent financial investment strategy by the Group by appropriately increasing low-risk investments such as policy bank bonds, which resulted in a decreased interest yield on financial investment and a decreased interest income correspondingly.

3.2.3 Interest income from financial assets held under resale agreements

During the reporting period, interest income from financial assets held under resale agreements of the Group amounted to RMB230 million, representing a year-on-year increase of RMB40 million or 20.8%, mainly due to the increase in the average balance of financial assets held under resale agreements and the increase in the average assets yield.

3.2.4 Interest income from balances with the central bank

During the reporting period, interest income from balances with the central bank of the Group was RMB202 million, representing a year-on-year decrease of RMB16 million or 7.4%, mainly due to the decrease in the average balance of the Group's reserves in the central bank.

3.2.5 Interest income from deposits with banks and other financial institutions

During the reporting period, the interest income from deposits with banks and other financial institutions of the Group was RMB7 million, representing a year-on-year decrease of RMB18 million or 72.1%, mainly due to the decrease in the yield of deposits with banks and other financial institutions and a decrease in the average balance.

3.3 Interest expense

During the reporting period, interest expense of the Group amounted to RMB5,236 million, representing a year-on-year decrease of RMB435 million or 7.7%.

Management Discussion and Analysis

3.3.1 Interest expense on customer deposits

During the reporting period, interest expense on customer deposits of the Group amounted to RMB4,058 million, representing a year-on-year decrease of RMB588 million or 12.7%, mainly due to the decrease in the average annualized interest rate of customer deposits, partially offset by the increase in the average balance of customer deposits. The decrease in the average annualized interest rate of customer deposits was mainly because the Group reduced the nominal interest rate for deposits and interest rate for deposits according to the market conditions of banks; the increase in the average balance of customer deposits was mainly due to the promotion and publicity of the Group's products and its recommendation of suitable products to meet the customers' real needs for preservation and appreciation of the customer's assets.

The following table sets forth the average balance, interest expense and average annualized interest rate for each component of the Group's customer deposits in the period indicated.

	For the six months ended June 30,					
	2024			2023		
	Average balance	Interest expense	Average annualized interest rate (%)	Average balance	Interest expense	Average annualized interest rate (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>					
Corporate deposits						
Demand	101,781.7	675.3	1.33	115,287.4	985.5	1.71
Time	57,433.7	747.2	2.60	51,971.1	804.3	3.10
Pledged deposits	31,525.0	225.7	1.43	35,038.0	306.9	1.75
Subtotal	190,740.4	1,648.2	1.73	202,296.5	2,096.7	2.07
Personal deposits						
Demand	25,772.0	26.7	0.21	24,822.9	56.8	0.46
Time	149,906.2	2,351.7	3.14	133,598.2	2,460.8	3.68
Subtotal	175,678.2	2,378.4	2.71	158,421.1	2,517.6	3.18
Convertible negotiated deposits	2,000.0	31.4	3.14	2,000.0	31.4	3.14
Others	60.2	-	-	204.9	-	-
Total customer deposits	368,478.8	4,058.0	2.20	362,922.5	4,645.7	2.56

Management Discussion and Analysis

3.3.2 Interest expense on deposits from banks and other financial institutions

During the reporting period, interest expense on deposits from banks and other financial institutions of the Group was RMB204 million, representing a year-on-year decrease of RMB97 million or 32.3%, mainly due to the decrease in the average balance of deposits from banks and other financial institutions.

3.3.3 Interest expense on financial assets sold under repurchase agreements

During the reporting period, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB194 million, representing a year-on-year increase of RMB18 million or 10.4%, mainly due to the increase in the average annualized interest rate of the financial assets sold under repurchase agreements.

3.3.4 Interest expense from debt securities issued

During the reporting period, interest expense from the issued debt securities of the Group amounted to RMB472 million, representing a year-on-year increase of RMB117 million or 32.8%, mainly due to the increase in the average balance of the Group's debt securities issued.

3.3.5 Interest expense on borrowings from the central bank

During the reporting period, interest expense on borrowings from the central bank of the Group amounted to RMB303 million, representing a year-on-year increase of RMB116 million or 61.9%, mainly due to the increases in the average annualized interest rate and average balance of borrowings from the central bank of the Group.

Management Discussion and Analysis

3.4 Non-interest income

3.4.1 Net fee and commission income

During the reporting period, the net fee and commission income of the Group amounted to RMB454 million, representing a year-on-year increase of RMB62 million or 15.8%, mainly attributable to strengthening management related to net income of intermediary business of the Group.

The following table sets forth each component of net fee and commission income of the Group in the period indicated.

	For the six months ended June 30,			
	2024	2023	Amount of change	Percentage of change (%)
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Fee and commission income				
Settlement and clearing fees	147.2	158.3	(11.1)	(7.0)
Credit commitments and financial guarantees fees	116.7	111.5	5.2	4.7
Wealth management fees	113.1	75.5	37.6	49.8
Agency service fees	98.2	55.0	43.2	78.5
Bank card fees	35.1	41.8	(6.7)	(16.0)
Transaction and consultancy fees	3.5	3.6	(0.1)	(2.8)
Subtotal	513.8	445.7	68.1	15.3
Fee and commission expense				
Transaction fees	(35.4)	(36.8)	1.4	(3.8)
Settlement fees	(21.4)	(14.2)	(7.2)	50.7
Others	(3.0)	(2.5)	(0.5)	20.0
Subtotal	(59.8)	(53.5)	(6.3)	11.8
Net fee and commission income	454.0	392.2	61.8	15.8

During the reporting period, settlement and clearing fees income of the Group amounted to RMB147 million, representing a year-on-year decrease of RMB11 million or 7.0%, mainly due to decreased letters of credit fees of the Group.

During the reporting period, credit commitments and financial guarantee fees income of the Group amounted to RMB117 million, which basically kept flat with the same period of the last year.

During the reporting period, the wealth management fee income of the Group amounted to RMB113 million, representing a year-on-year increase of RMB38 million or 49.8%, mainly due to higher returns on wealth management portfolios.

During the reporting period, agency service fees income of the Group amounted to RMB98 million, representing a year-on-year increase of RMB43 million or 78.5%, mainly due to increased income of securities brokerage and agency sales of wealth management products of the Group.

Management Discussion and Analysis

3.4.2 Net gains arising from financial investments

During the reporting period, net gains arising from financial investments of the Group reached RMB538 million, representing a year-on-year decrease of RMB91 million or 14.5%, mainly due to the corresponding decrease in investment gains as a result of the declined scale of non-standard investment such as trusts for the year.

3.5 Operating expenses

During the reporting period, operating expenses of the Group amounted to RMB1,520 million, representing a year-on-year increase of RMB74 million or 5.1%, which was mainly due to the increase in staff costs, depreciation and amortization (excluding investment properties), and general and administrative expenses as the Group's business development.

The following table sets forth the components of operating expenses of the Group in the period indicated.

	For the six months ended June 30,	
	2024	2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Staff costs	848.9	804.2
General and administrative expenses	334.8	321.1
Depreciation and amortization (excluding investment properties)	226.4	207.2
Tax and surcharges	57.5	59.4
Depreciation on right-of-use assets	52.8	54.1
Total operating expenses	1,520.4	1,446.0

Management Discussion and Analysis

3.6 Impairment losses on assets

In the first half of 2024, the Group increased allowances for asset impairment due to the principle of prudence. During the reporting period, the Group's impairment losses on assets were RMB3,462 million.

The following table sets forth the amounts and their changes for each component of impairment loss of the Group in the period indicated.

	For the six months ended June 30,		
	2024	2023	Amount of change
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>		
Loans and advances to customers at amortised cost	3,569.7	2,084.2	1,485.5
Loans and advances to customers at FVOCI	(10.9)	(3.1)	(7.8)
Financial investments measured at amortised cost	83.2	768.5	(685.3)
Financial investments measured at FVOCI	(1.0)	2.7	(3.7)
Other ⁽¹⁾	(178.8)	(45.9)	(132.9)
Total impairment losses on assets	3,462.2	2,806.4	655.8

Note:

- (1) Consists of placements with banks and other financial institutions, deposits with banks and other financial institutions, financial assets held under resale agreements, interests receivable, other receivables, repossessed assets, credit commitments and financial guarantees.

Management Discussion and Analysis

3.7 Income tax

The following table sets forth the amounts and their changes for each component of income tax expense of the Group in the period indicated.

	For the six months ended June 30,			
	2024	2023	Amount of change	Percentage of change (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Current income tax	192.3	350.6	(158.3)	(45.2)
Tax filing differences	146.4	(421.6)	568.0	(134.7)
Deferred tax	(409.6)	137.4	(547.0)	(398.1)
Total income tax expenses	(70.9)	66.4	(137.3)	(206.8)

Management Discussion and Analysis

4. ANALYSIS OF MAJOR FINANCIAL POSITION ITEMS

4.1 Assets

As of the end of the reporting period, total assets of the Group were RMB497,840 million, representing a decrease of RMB6,009 million or 1.2% as compared to the end of last year, mainly due to the decreases in: (i) financial assets held under resale agreements; and (ii) financial investments, net.

The following table sets forth, as of the dates indicated, each component of total assets of the Group.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Gross loans and advances to customers	313,574.2	63.0	301,624.3	59.9
Accrued interest on loans and advances to customers	1,743.8	0.4	1,466.1	0.3
Less: Allowances for impairment losses	(12,283.1)	(2.5)	(9,680.2)	(1.9)
Net loans and advances to customers	303,034.9	60.9	293,410.2	58.3
Financial investments, net	140,967.3	28.3	145,948.9	29.0
Cash and balances with the central bank	31,808.0	6.4	33,302.5	6.6
Deposits with banks and other financial institutions	4,059.9	0.8	2,223.9	0.4
Placements with banks and other financial institutions	–	–	70.9	–
Financial assets held under resale agreements	3,271.7	0.7	14,346.2	2.8
Interests in associates	145.4	–	142.0	–
Other assets ⁽¹⁾	14,552.7	2.9	14,404.6	2.9
Total assets	497,839.9	100.0	503,849.2	100.0

Note:

(1) Consist of property and equipment, right-of-use assets, deferred tax assets and others.

Management Discussion and Analysis

4.1.1 Loans and advances to customers

As of the end of the reporting period, the gross loans and advances to customers of the Group amounted to RMB313,574 million, representing an increase of RMB11,950 million or 4.0% as compared to the end of last year. Such increase in the gross loans and advances to customers of the Group is primarily due to the stable growth in our corporate loans and advances.

The following table sets forth, as at the dates indicated, the distribution of gross loans and advances to customers of the Group by business type.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Corporate loans and advances	199,271.8	63.5	182,283.2	60.4
Retail loans and advances	92,117.7	29.4	97,719.9	32.4
Discounted bills	22,184.7	7.1	21,621.2	7.2
Gross loans and advances to customers	313,574.2	100.0	301,624.3	100.0

(1) Corporate loans and advances

As of the end of the reporting period, the gross corporate loans and advances of the Group amounted to RMB199,272 million, representing an increase of RMB16,989 million or 9.3% as compared to the end of last year. The increase in the gross corporate loans and advances was mainly due to the fact that the Group actively expanded the corporate credit grant to support the real economy.

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by product type.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Working capital loans	109,657.7	55.1	101,372.9	55.5
Fixed asset loans	62,450.1	31.3	55,688.0	30.6
Trade finance loans	20,734.4	10.4	20,024.9	11.0
Others	6,429.6	3.2	5,197.4	2.9
Total corporate loans and advances	199,271.8	100.0	182,283.2	100.0

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by size of customers.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Large enterprise ⁽¹⁾	22,827.2	11.5	21,226.2	11.6
Medium enterprise ⁽¹⁾	50,211.6	25.2	50,121.4	27.5
Small enterprise ⁽¹⁾	98,334.1	49.3	87,467.6	48.0
Micro enterprise ⁽¹⁾	26,328.8	13.2	21,421.9	11.8
Others ⁽²⁾	1,570.1	0.8	2,046.1	1.1
Total corporate loans and advances	199,271.8	100.0	182,283.2	100.0

Notes:

(1) Classified in accordance with the classification criteria stipulated in the Classification Standards of Small and Medium Enterprises.

(2) Primarily includes the public institutions in the PRC.

(2) Retail loans and advances

As of the end of the reporting period, total retail loans and advances of the Group amounted to RMB92,118 million.

The following table sets forth, as at the dates indicated, the breakdown of retail loans and advances of the Group by product type.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Residential mortgage loans	31,070.5	33.7	32,751.4	33.5
Personal loans for business purposes	35,604.4	38.7	37,829.8	38.7
Personal loans for consumption	19,899.1	21.6	21,283.3	21.8
Credit card	5,543.7	6.0	5,855.4	6.0
Total retail loans and advances	92,117.7	100.0	97,719.9	100.0

Management Discussion and Analysis

(3) *Discounted bills*

As of the end of the reporting period, discounted bills of the Group were RMB22,185 million, representing an increase of RMB564 million or 2.6% as compared to the end of last year, mainly due to the fact that the Group increased the efforts on the bills discount business.

4.1.2 Financial investments

As of the end of the reporting period, the total financial investments of the Group were RMB145,731 million, representing a decrease of RMB4,896 million or 3.3% as compared to the end of last year, primarily due to the decrease in non-standard investment held by the Group.

The following table sets out the components of the Group's financial investments by investment intention as at the dates indicated.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Financial investments at fair value through profit or loss	22,251.2	15.3	27,956.6	18.6
Financial investments at fair value through other comprehensive income	50,850.6	34.9	41,226.6	27.4
Financial investments measured at amortised cost	72,629.1	49.8	81,443.5	54.0
Total financial investments	145,730.9	100.0	150,626.7	100.0

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of financial investments of the Group.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Debt securities				
Debt securities issued by government	59,984.5	41.1	62,509.7	41.5
Debt securities issued by policy banks	37,673.4	25.9	28,701.4	19.1
Debt securities issued by general corporates	13,410.5	9.2	15,121.7	10.0
Debt securities issued by commercial banks	–	–	3,424.8	2.3
Subtotal	111,068.4	76.2	109,757.6	72.9
Non-standard investment				
Trust beneficiary rights and asset management plans	17,338.4	11.9	19,091.4	12.7
Other investments at fair value through profit or loss	2,705.2	1.9	3,695.0	2.5
Subtotal	20,043.6	13.8	22,786.4	15.2
Other financial investments				
Fund investments	10,329.9	7.1	13,604.0	9.0
Equity investments	1,614.7	1.1	1,570.7	1.0
Subtotal	11,944.6	8.2	15,174.7	10.0
Accrued interest	2,674.3	1.8	2,908.0	1.9
Total financial investments	145,730.9	100.0	150,626.7	100.0
Less: Allowances for impairment losses	(4,763.6)		(4,677.8)	
Financial investments, net	140,967.3		145,948.9	

Management Discussion and Analysis

4.1.3 Other Components of the Group's Assets

Other components of the Group's assets mainly include: (i) cash and balances with the central bank; (ii) deposits with banks and other financial institutions; and (iii) financial assets held under resale agreements.

As of the end of the reporting period, the total amount of cash and balances with the central bank was RMB31,808 million, representing a decrease of RMB1,495 million or 4.5% as compared to the end of last year, mainly due to the reduction of the deposit reserve ratio.

As of the end of the reporting period, the total amount of deposits with banks and other financial institutions was RMB4,060 million, representing an increase of RMB1,836 million or 82.6% as compared to the end of last year, mainly due to the increase in banks and other financial institutions based on the requirements of operations management of the Group.

As of the end of the reporting period, the total amount of financial assets held under resale agreements was RMB3,272 million, representing a decrease of RMB11,075 million or 77.2% as compared to the end of last year, mainly due to the decrease in financial assets held under resale agreements based on the requirements of operations management of the Group.

4.2 Liabilities

As of the end of the reporting period, the total liabilities of the Group were RMB456,042 million, representing a decrease of RMB6,851 million or 1.5% as compared to the end of last year.

The following table sets forth, as at the dates indicated, each component of total liabilities of the Group.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Borrowings from the central bank	25,631.7	5.6	28,106.6	6.1
Customer deposits	365,047.3	80.0	370,733.0	80.1
Deposits from banks and other financial institutions	5,776.2	1.3	13,088.7	2.8
Placements from banks and other financial institutions	3,388.6	0.7	4,592.1	1.0
Financial assets sold under repurchase agreements	13,976.6	3.1	4,970.3	1.1
Debt securities issued	38,288.9	8.4	37,182.7	8.0
Other liabilities ⁽¹⁾	3,932.6	0.9	4,219.3	0.9
Total liabilities	456,041.9	100.0	462,892.7	100.0

Note:

- (1) Consisted of income tax payable, lease liabilities, deferred tax liabilities, provisions, salaries payable, other tax payables, payables to external companies, etc.

Management Discussion and Analysis

4.2.1 Customer deposits

As of the end of the reporting period, the Group recorded total customer deposits of RMB365,047 million, of which time deposits accounted for 58.6% and demand deposits accounted for 29.7%.

The following table sets forth, as at the dates indicated, customer deposits by product type of the Group.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Demand deposits				
Corporate customers	83,273.5	22.8	103,392.6	27.9
Individual customers	25,109.2	6.9	26,711.8	7.2
Subtotal	108,382.7	29.7	130,104.4	35.1
Time deposits				
Corporate customers	58,387.9	16.0	56,847.0	15.3
Individual customers	155,407.6	42.6	137,877.8	37.2
Subtotal	213,795.5	58.6	194,724.8	52.5
Pledged deposits	32,260.3	8.8	33,335.8	9.0
Convertible negotiated deposits	2,000.0	0.5	2,000.0	0.5
Other deposits⁽¹⁾	35.2	0.1	107.5	0.1
Accrued interest	8,573.6	2.3	10,460.5	2.8
Total customer deposits	365,047.3	100.0	370,733.0	100.0

Note:

(1) Consists primarily of funds deposited with us for remittance and temporary deposits.

Management Discussion and Analysis

4.2.2 Deposits from banks and other financial institutions

As of the end of the reporting period, the Group's total deposits from banks and other financial institutions were RMB5,776 million, representing a decrease of RMB7,313 million or 55.9% as compared to the end of last year, mainly due to the Group's strategic adjustment on the interbank liabilities structure portfolio, and proper decrease in deposits from banks and other financial institutions.

4.2.3 Borrowings from the central bank

As of the end of the reporting period, the Group's total borrowings from the central bank were RMB25,632 million, representing a decrease of RMB2,475 million or 8.8% as compared to the end of last year, mainly due to the fact that the Group appropriately decreased its medium-term lending facilities based on the requirements of operations management.

4.2.4 Financial assets sold under repurchase agreements

As of the end of the reporting period, the Group's financial assets sold under repurchase agreements were RMB13,977 million, representing an increase of RMB9,006 million or 181.2% as compared to the end of last year, mainly due to the adjustment of the Group on selling bonds and bills for repurchase based on the requirements of operations management.

4.2.5 Debt securities issued

As of the end of the reporting period, the Group's debt securities issued were RMB38,289 million, representing an increase of RMB1,106 million or 3.0% as compared to the end of last year, mainly due to the Group's enhancement of the active management on interbank liabilities and increase in the issuance size of interbank negotiable certificates of deposit.

4.3 Equity

As of the end of the reporting period, the total equity of the Group was RMB41,798 million, representing an increase of RMB842 million or 2.1% as compared to the end of last year; the equity attributable to equity holders of the Bank was RMB40,957 million, representing an increase of RMB801 million or 2.0% as compared to the end of last year. The increase in the Group's equity was mainly due to: (i) sustainable profitability of the Group; (ii) the increased investment revaluation reserve of the Group.

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the components of the Group's equity.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Share capital	2,847.4	6.8	2,847.4	7.0
Other equity instruments	6,997.8	16.7	6,997.8	17.1
Share premium	11,639.1	27.8	11,639.1	28.4
Surplus reserve	4,615.0	11.0	4,615.0	11.3
General reserve	5,525.6	13.2	5,525.6	13.5
Investment revaluation reserve	1,270.6	3.0	516.9	1.3
Retained earnings	8,061.7	19.5	8,014.7	19.4
Equity attributable to equity holders of the Bank	40,957.2	98.0	40,156.5	98.0
Non-controlling interests	840.8	2.0	800.0	2.0
Total equity	41,798.0	100.0	40,956.5	100.0

5. OFF-BALANCE SHEET COMMITMENTS

The following table sets forth, as at the dates indicated, the Group's off-balance sheet commitments.

	As of June 30, 2024	As of December 31, 2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Credit commitments		
Acceptances	48,001.2	55,371.8
Guarantees and letters of guarantees	34,501.3	16,089.1
Letters of credit	19,867.0	19,857.3
Unused credit card commitments	6,235.9	12,956.2
Irrevocable loan commitments	25.2	80.5
Total	108,630.6	104,354.9

As of the end of the reporting period, the Group's off-balance sheet commitments was RMB108,631 million, representing an increase of RMB4,276 million or 4.1% as compared to the end of last year, which was mainly due to the increase in guarantees and letters of guarantees. For details on off-balance sheet commitments, please refer to "Contingent liabilities and commitments" set out in the notes to the financial statements of this report.

Management Discussion and Analysis

6. LOAN QUALITY ANALYSIS

As of the end of the reporting period, the gross loans and advances to customers of the Group was RMB313,574 million, representing an increase of RMB11,950 million or 4.0% as compared to the end of last year.

6.1 Distribution of loans by five-category loan classification

The following table sets forth, as of the dates indicated, loans and advances to customers of the Group by five-category loan classification.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Normal	285,348.2	91.00	284,200.0	94.22
Special mention	20,153.6	6.43	11,120.2	3.69
Substandard	3,057.5	0.98	1,343.5	0.45
Doubtful	972.6	0.30	1,372.0	0.45
Loss	4,042.3	1.29	3,588.6	1.19
Gross loans and advances to customers	313,574.2	100.00	301,624.3	100.00
Non-performing loan ratio (%)⁽¹⁾		2.57		2.09

Note:

(1) Non-performing loan ratio is calculated by dividing the total non-performing loans by the gross loans and advances to customers.

Based on the five-category loan classification system, the Group's non-performing loans are classified into substandard loans, doubtful loans and loss loans.

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB305,502 million, accounting for 97.43%; the total non-performing loans amounted to RMB8,072 million, the non-performing loan ratio was 2.57%.

Management Discussion and Analysis

6.2 Distribution of loans classified by business type

The following table sets forth, as at the dates indicated, loans of the Group by business type.

	As of June 30, 2024			As of December 31, 2023		
	Amount	% of total amount (%)	Non-performing loan amount	Amount	% of total amount (%)	Non-performing loan amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Corporate loans and advances	199,271.8	63.5	5,563.4	182,283.2	60.4	4,503.7
Retail loans and advances	92,117.7	29.4	2,509.0	97,719.9	32.4	1,800.4
Discounted bills	22,184.7	7.1	-	21,621.2	7.2	-
Gross loans and advances to customers	313,574.2	100.0	8,072.4	301,624.3	100.0	6,304.1

As of the end of the reporting period, the corporate loans and advances of the Group amounted to RMB199,272 million; the non-performing loan of corporate loans and advances of the Group amounted to RMB5,563 million; the retail loans and advances of the Group amounted to RMB92,118 million; the non-performing loan of retail loans and advances of the Group amounted to RMB2,509 million.

Management Discussion and Analysis

6.3 Distribution of loans classified by industry

The following table sets forth, as at the dates indicated, loans of the Group by industry.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount (%)	Amount	% of total amount (%)
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Manufacturing	48,255.8	15.4	43,638.0	14.5
Wholesale and retail	30,270.4	9.7	28,040.7	9.3
Leasing and commercial services	29,031.1	9.3	23,842.4	7.9
Real estate	23,513.3	7.5	24,427.8	8.1
Construction	22,997.0	7.3	21,068.4	7.0
Water conservancy, environment and public utility management	13,237.5	4.2	12,099.0	4.0
Education	6,052.5	1.9	6,107.9	2.0
Agriculture, forestry, animal husbandry and fishery	6,037.7	1.9	5,419.2	1.8
Health and social work	3,829.4	1.2	4,174.6	1.4
Production and supply of electricity, heating, gas and water	3,429.9	1.1	3,049.5	1.0
Others	12,617.2	4.0	10,415.7	3.4
Total corporate loans and advances	199,271.8	63.5	182,283.2	60.4
Total retail loans and advances	92,117.7	29.4	97,719.9	32.4
Discounted bills	22,184.7	7.1	21,621.2	7.2
Gross loans and advances to customers	313,574.2	100.0	301,624.3	100.0

As of the end of the reporting period, the top three industries with the biggest percentage of the Group's corporate loans and advances are manufacturing, wholesale and retail, leasing and commercial services. Among them, the amount of loans and advances to the leasing and commercial services increased by RMB5,189 million or 21.8%; the amount of loans and advances to manufacturing increased by RMB4,618 million or 10.6%; the amount of loans and advances to the wholesale and retail increased by RMB2,230 million or 8.0%.

Management Discussion and Analysis

6.4 Distribution of loans classified by guarantee type

The following table sets forth, as at the dates indicated, loans of the Group by guarantee type.

	As of June 30, 2024			As of December 31, 2023		
	Amount	% of total amount (%)	Non-performing loan amount	Amount	% of total amount (%)	Non-performing loan amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Guaranteed loans	106,431.7	33.9	2,301.4	98,183.5	32.6	1,171.7
Collateralized loans	98,234.3	31.3	3,500.1	98,967.2	32.8	3,449.5
Pledged loans	59,859.8	19.1	850.6	55,506.6	18.4	785.7
Unsecured loans	49,048.4	15.7	1,420.3	48,967.0	16.2	897.2
Total	313,574.2	100.0	8,072.4	301,624.3	100.0	6,304.1

As of the end of the reporting period, the Group's loans and advances to customers were mainly guaranteed loans and collateralized loans, accounted for 33.9% and 31.3% of the gross loans and advances to customers, respectively. As of the end of the reporting period, the Group's non-performing loans of guaranteed loans, collateralized loans, unsecured loans and pledged loans were RMB2,301 million, RMB3,500 million, RMB1,420 million and RMB851 million, respectively.

6.5 Distribution of loans classified by region

The following table sets forth, as of the dates indicated, loans of the Group by region.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount (%)	Amount	% of total amount (%)
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Jiangxi Province	261,756.4	83.4	250,428.6	83.0
Including: Jiujiang City	98,491.1	31.4	95,669.3	31.7
Guangdong Province	24,971.9	8.0	24,869.0	8.3
Anhui Province	16,926.2	5.4	16,115.4	5.3
Others ⁽¹⁾	9,919.7	3.2	10,211.3	3.4
Total	313,574.2	100.0	301,624.3	100.0

Note:

- (1) Mainly includes the provinces and cities where the controlled county banks of the Group are located such as Beijing, Shandong Province and Jiangsu Province.

Management Discussion and Analysis

As of the end of the reporting period, the Group's loans released in Jiangxi Province amounted to RMB261,756 million, representing an increase of RMB11,328 million or 4.5% as compared to the end of last year, accounting for 83.4% of gross loans and advances to customers of the Group.

6.6 Borrower concentration

As of the end of the reporting period, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

As of the end of the reporting period, the Group's loan balance to the largest single borrower amounted to RMB2,869 million, representing 0.91% of the Group's total loans and accounting for 6.10% of the Group's net capital; the loan balance to the ten largest single borrowers amounted to RMB13,773 million, representing 4.38% of the Group's total loans and accounting for 29.29% of the Group's net capital, all of which met the regulatory requirements.

The following table sets forth, as at the dates indicated, the Group's loan balances to the ten largest single borrowers (excluding group borrowers).

Industry		As of June 30, 2024		
		Loan balance	% of total loans	% of net capita
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Borrower A	Manufacturing	2,869.0	0.91	6.10
Borrower B	Health and social work	1,500.0	0.48	3.19
Borrower C	Real estate	1,440.0	0.46	3.06
Borrower D	Manufacturing	1,409.9	0.45	3.00
Borrower E	Water conservancy, environment and public utility management	1,395.1	0.44	2.97
Borrower F	Water conservancy, environment and public utility management	1,100.0	0.35	2.34
Borrower G	Real estate	1,077.1	0.34	2.29
Borrower H	Leasing and business services	1,040.0	0.33	2.21
Borrower I	Construction	980.0	0.31	2.08
Borrower J	Real estate	961.8	0.31	2.05
Total		13,772.9	4.38	29.29

Management Discussion and Analysis

6.7 Large risk exposure management

In accordance with the Administrative Measures for the Large Risk Exposure of Commercial Banks and other relevant regulatory requirements, the Group carried out various work on the management of large risk exposure in an orderly manner, further improved the management system of large risk exposure, and regularly reported large risk exposure indicators and relevant management work to regulatory authorities, strengthened the limit management of large risk exposure, and continuously enhanced the management on large risk exposure.

6.8 Overdue loans

The following table sets forth, as at the dates indicated, the distribution of loans and advances to customers of the Group by overdue period.

	As of June 30, 2024		As of December 31, 2023	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Current loans	301,649.9	96.2	295,249.6	97.9
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	4,895.8	1.6	1,156.9	0.4
3 months to 1 year (inclusive)	3,596.2	1.1	2,793.7	0.9
1 to 3 years (inclusive)	2,977.1	1.0	2,031.6	0.7
Over 3 years	455.2	0.1	392.5	0.1
Subtotal	11,924.3	3.8	6,374.7	2.1
Gross loans and advances to customers	313,574.2	100.0	301,624.3	100.0

Note:

(1) Represents the principal amount of the loans on which principal or interest is overdue.

As of the end of the reporting period, the Group's gross overdue loans amounted to RMB11,924 million, accounting for 3.8% of gross loans and advances to customers.

Management Discussion and Analysis

6.9 Changes in allowance for impairment losses on loans

The Group has performed impairment accounting and recognised loss allowance based on expected credit losses. If the credit risk of a financial instrument is low at the end of the reporting period or has not increased significantly since initial recognition, the Group measures its loss allowance based on amount of the 12-month expected credit losses. For other financial instruments, the Group measures their loss allowance based on amounts of lifetime expected credit losses.

The Group re-measures expected credit losses at the end of each reporting period. In addition, the Group regularly reviews a number of key parameters and assumptions involved in the process of determining impairment allowance based on the expected credit loss model, including division of loss stages, probability of default, loss given default, default risk exposure, discount rate, forward-looking adjustment and other adjustment factors.

The following table sets forth, as at the dates indicated, the changes in allowance for impairment losses on loans of the Group.

	As of June 30, 2024	As of December 31, 2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Balance at the beginning of the year	9,680.2	8,761.7
Provision for the period/year	3,569.7	4,814.9
Write-offs and transfer out for the period/year	(1,028.0)	(4,146.4)
Recoveries of write-offs for the period/year	61.2	250.0
Balance at the end of the period/year	12,283.1	9,680.2

In the first half of 2024, the Group increased allowances for asset impairment due to the principle of prudence. As of the end of the reporting period, the Group's allowance for impairment losses on loans amounted to RMB12,283 million.

Management Discussion and Analysis

7. SEGMENT REPORTING

7.1 By geographical region

The following table sets forth, for the periods indicated, the Group's operating income in various geographical regions and percentages of total operating income.

	For the six months ended June 30,			
	2024		2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Jiangxi Province	4,881.6	88.7	4,715.5	89.7
Guangdong Province	314.6	5.7	224.9	4.3
Anhui Province	212.2	3.9	230.2	4.4
Other areas ⁽¹⁾	92.1	1.7	84.8	1.6
Total operating income	5,500.5	100.0	5,255.4	100.0

Note:

- (1) Mainly includes the provinces and cities where the controlled county banks of the Group are located such as Beijing, Shandong Province and Jiangsu Province.

7.2 By business segment

The following table sets forth, for the periods indicated, the operating income of the Group's various business segments and percentages of total operating income.

	For the six months ended June 30,			
	2024		2023	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Corporate banking	3,424.8	62.3	2,633.6	50.1
Retail banking	1,328.5	24.2	1,535.4	29.2
Financial market business	932.5	16.9	1,535.4	29.2
Unallocated ⁽¹⁾	(185.3)	(3.4)	(449.0)	(8.5)
Total operating income	5,500.5	100.0	5,255.4	100.0

Note:

- (1) Consists primarily of income and expenses that are not directly attributable to any specific business segment.

Management Discussion and Analysis

8. ANALYSIS OF CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

8.1 Capital adequacy ratio

The Group continued to optimise its business structure and strengthen its capital management. As of the end of the reporting period, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 13.15%, 11.95% and 9.41%, respectively; capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio increased by 1.14 percentage points, 0.88 percentage point and 0.77 percentage point as compared to the end of last year, respectively, which met the requirements of the Regulation Governing Capital of Commercial Banks. The change in capital adequacy ratio was mainly due to the implementation of the requirements of the new Regulation Governing Capital of Commercial Banks.

The capital adequacy ratio calculated by the Group in accordance with the Regulation Governing Capital of Commercial Banks is as follows:

	As of June 30, 2024	As of December 31, 2023
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>		
Core tier-one capital	35,062.9	33,505.5
Deductions of core tier-one capital	(1,402.3)	(1,437.8)
Net core tier-one capital	33,660.6	32,067.7
Other tier-one capital	9,064.0	9,044.1
Net tier-one capital	42,724.6	41,111.8
Tier-two capital	4,293.1	3,467.6
Net capital base	47,017.7	44,579.4
Total risk-weighted assets	357,601.3	371,264.0
Core tier-one capital adequacy ratio (%)	9.41	8.64
Tier-one capital adequacy ratio (%)	11.95	11.07
Capital adequacy ratio (%)	13.15	12.01

Management Discussion and Analysis

8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements under the Regulation Governing Capital of Commercial Banks. As of the end of the reporting period, the Group's leverage ratio, calculated in accordance with the Regulation Governing Capital of Commercial Banks, was 7.29%, which meets the regulatory requirement.

Items	As of June 30, 2024	As of December 31, 2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Net tier-one capital	42,724.6	41,111.8
Adjusted balance of on-balance and off-balance sheet assets	586,229.8	577,189.4
Leverage ratio	7.29	7.12

9. BUSINESS OPERATIONS

9.1 Corporate financing business

Adhering to the gist of macro policies, the Bank gave full play to the driving role of financial institutions and increased the lending for key areas to serve the high-quality development of the real economy. Following the operation philosophy of "customer first", the Bank worked diligently to expand its customer base, enhance customer quality, and continuously consolidate the foundation for serving corporate customers.

Strengthening accountability and persisting in serving the real economy without slackness. The Bank adhered to the guidance of party building, and increased credit issuance to small and micro enterprises and manufacturing industry through strengthening assessment and guidance, implementing preferential policies for funds transfer pricing (FTP), and optimizing business processes. Firstly, the loans to the manufacturing sector grew significantly. As at the end of the reporting period, the Group's manufacturing loans amounted to RMB48,256 million, representing an increase of RMB4,618 million or 10.6% as compared to the end of last year. Secondly, the "two increases" corporate loans increased steadily. As of the end of June 2024, the Bank's balance of the "two increases" corporate loans amounted to RMB30,894 million, representing an increase of RMB3,643 million or 13.37% as compared to the end of last year. The number of accounts receiving the "two increases" corporate loans was 7,504, representing an increase of 1,048 accounts as compared to the end of last year.

Management Discussion and Analysis

Cultivating strong customer relationships and continuing to consolidate the foundation of corporate customers. As at the end of the reporting period, the number of corporate deposit customers and corporate loan customers of the Bank was 101,800 and 10,100, respectively, representing increases of 6,258 and 1,249, or 6.55% and 14.13%, respectively, as compared to the end of last year. Firstly, the Bank strengthened the hierarchical operation of the corporate customer group, improved the quality and effectiveness of strategic customer service, enhanced the three-tiered marketing collaboration among the head office, branches and sub-branches, and dynamically tracked the progress of business implementation. Additionally, the Bank improved its operational capabilities for small and medium-sized corporate customers and developed strategies that include precise marketing lists and supporting marketing programs based on both internal and external data. Secondly, the Bank innovated its corporate business model and process by launching version 2.0 of Easy Working Capital Loans, which utilized big data analysis and financial technology to optimize and upgrade the process, enabling same-day applications, approvals, and lending at the fastest possible speed. Since the trial operation in March 2024, a total of 353 customers have participated, resulting in cumulative loans of RMB409 million as of the end of June 2024.

Investment Banking Business

The Bank took capital saving as the transformation strategy and made use of the tool of investment banking to improve quality, reduce cost and increase efficiency, and laid a solid foundation for the development of asset-light business.

Based on the direct financing market, the Bank expanded the financing channels for enterprises.

Focusing on the local direct financing market in Jiangxi, the Bank provided diversified financing channels for enterprises, thereby contributing to the ongoing optimization of the regional financing structure. In November 2023, the Bank received approval for conducting the underwriting business independently as the lead underwriter, a significant recognition of the Bank's professional expertise, risk management capabilities, and market influence from regulatory authorities. This approval has opened up new opportunities for the Bank in respect of business innovation and regional expansion, further strengthening the Bank's influence and competitiveness in the direct financing market. Seizing this opportunity, the Bank actively explored the Hefei and Guangzhou markets and successfully executed its first underwriting project for out-of-province bonds as the lead underwriter in Hefei. As of June 2024, the Bank successfully underwrote 15 debt financing instruments as lead underwriter, with a cumulative issuance amount of RMB9,342 million, ranking sixth in Jiangxi Province in terms of the number of underwritten instruments.

The Bank explored the transformation of its investment banking business and promoted the industrialization process.

In response to new challenges and opportunities in the market, the Bank actively explored a path for transforming and upgrading its investment banking business, and achieved initial results in its industrial transformation. Leveraging the professional strengths and distinctive specialization of its investment banking team, the Bank seized the opportunity presented by the market-oriented transformation of local platforms, and promptly set up a dedicated group for investment banking business transformation to efficiently promote business innovation. At present, two significant industrial bonds have been successfully issued, which provided a strong impetus for the industrial upgrading and transformation of the local economy.

Management Discussion and Analysis

The Bank steadily promoted the special bond consultancy services while exploring a chain marketing for special bonds. Since the launch of the special bond consultancy services in 2022, the Bank has gained widespread recognition from customers for its professional capabilities, and steadily increased its market share. The Bank has successfully introduced its special bond consultancy services to 7 cities across Jiangxi Province and is actively exploring and implementing a chain marketing model for special bonds.

9.2 Retail banking business

The Bank adheres to the development concept of “centering around people”, orients its efforts to the market positioning of “serving the local economy, small and medium enterprises, and urban and rural residents” as a city commercial bank, and invests efforts in “five priorities” including technology finance, green finance, inclusive finance, elderly care finance, and digital finance. Flexibly utilizing financial resources, the Bank reinforces financial support for key areas and constantly promotes the improvement of service quality and efficiency.

Strengthening services for the real economy and comprehensively deepening risk management.

The Bank unwaveringly serves the real economy. Through making innovation in business models, enriching product supply, strengthening technological empowerment, and proactively reducing fees and surrendering part of profits, the Bank has provided more accurate, convenient and effective financial services for small and micro enterprises. Adhering to the principle of serving small and micro enterprises, the Bank carefully cultivated long-term customer bases such as first-time loan applicants and traffic customers of small and micro enterprises, and engaged in differentiated competition. The Bank comprehensively deepened its risk management capabilities, focused on the primary repayment sources, and upgraded the credit logic of key products to enhance efficiency and risk prevention and control and effectively guard against financial risks.

Increasing the size of deposits and wealth management, and steadily expanding the customer base.

Our advantages in deposits size and wealth products continued to expand. We have built partnerships with a number of wealth management subsidiaries for agency sales of wealth management products. The operational efficiency of the customer group has steadily improved. The Bank comprehensively analyzed the financial needs of various customer groups, formulated personalized service plans, and set up special zones to strengthen publicity and guidance for new citizens and elderly customers.

Upgrading mobile banking services, and building an intelligent financial services ecosystem.

Bank of Jiujiang mobile banking focuses on optimizing user experience and building an integrated online service platform for Bank of Jiujiang. By developing multi-dimensional scenarios, we provide more extensive “financial + non-financial” services to integrate our daily local service resources into mobile banking so that our financial services can penetrate the daily lives of users in a comprehensive, multi-channel, and systematic manner. This enables us to provide customers with more convenient, smarter and warmer financial services.

Management Discussion and Analysis

Credit Card Business

The Bank's credit card business has thoroughly fulfilled its social responsibility in financial services, with the dual-round drive of "deepening people's livelihood and consumption, leading digital transformation", accelerating digital transformation and expanding service scenarios. As of the end of the reporting period, the Bank issued exceeding 1,179,800 credit cards on an accumulative basis, and business operations continued to be stable.

Focusing on people's well-being and building a scenario-based financial service ecosystem.

The Bank's credit cards business closely focused on the daily needs of consumers and deeply explored the field of localized people's well-being, linking more than 16,000 quality merchants, and carefully creating a series of "Three Enjoyments, Three Facilities" consumer feasts, covering gourmet food, wonderful scenery, comfortable living, convenient travel, colorful entertainment and worry-free shopping and other diversified consumption scenarios, with the participation rate of the activities reaching more than 90%. At the same time, it implemented the strategy of "One City, One Policy" in conjunction with regional characteristics, and customized a series of special promotional activities for cultural tourism, accommodation, travel and shopping, which effectively promoted the prosperity and development of the regional consumer market, and achieved steady year-on-year growth in credit card spending and transaction volume.

Digital empowerment enables the upgrading of refined management services. The Bank actively implemented digital transformation, and upheld the concept of customer-oriented, to build a full-chain refined management system. Through innovative services such as "applying for both cards and loans (卡貸同申)", "applying for both debit cards and credit cards (雙卡同申)" and "instant card issuing (實時發卡)", the Bank has simplified the business process to provide users with a more convenient, efficient and safe financial service experience. Meanwhile, the Bank focused on customer entire lifecycle management, and adopted strategies of promoting card binding, card activation, consumption and dynamic quota adjustment to accurately align with customers' requirements and satisfy the needs of users' credit card use at different stages. The Bank fulfilled the concept of whole process risk management, continuously optimized the customer base entry criteria and asset structure, and dynamically adjusted its risk prevention and control strategies, further strengthening the foundation of risk management.

9.3 Financial market business

In 2024, the financial market business continued to follow the guidance of macro policies, and firmly implemented regulatory requirements, thus achieving high-quality and stable development.

Continuously optimizing the business structure. As of the end of the reporting period, the proportion of the standardized business in the investment business of the Group increased from 81.9% as at the end of last year to 83.3%, representing an increase of 1.4 percentage points; the non-standard business decreased orderly, and the proportion of the non-standard business decreased from 15.2% as at the end of last year to 13.8%, representing a decrease of 1.4 percentage points.

Continuously improving the level of digitalization. The Bank developed the layout around building a digital, scientific and intelligent transaction-based bank, continuously improved and quantitated trading system, and realized automated quotation for market making, thus improving overall quotation efficiency; the Bank continuously optimized the intelligent decision-making investment system, improved the efficiency of post-investment management, and further improved the visualization and convenience of the system.

Management Discussion and Analysis

Concentrating efforts to further obtain honors and qualifications. The Bank obtained the qualifications as bond trading participants of SSE, SZSE and BSE. Since 2018, the Bank won the “Core Dealer” in the interbank market and the “Top 100 Settlor – Excellent Proprietary Dealer” by China Central Depository & Clearing Co., Ltd. for six consecutive years; since 2019, the Bank was awarded the “Excellent Underwriter” and the “Excellent Market Maker” of financial bond underwriting by the Export-Import Bank of China for five consecutive years; since 2021, the Bank was awarded the “Excellent Underwriting Institution” and the “Excellent Market Maker” of financial bond underwriting market makers by the Agricultural Development Bank of China for three consecutive years, and was awarded the “Best City Commercial Bank Serving Agriculture, Rural Areas and Farmers” for the first time; among them, the Bank was the only local legal entity in Jiangxi Province to receive the awards of “Excellent Market Maker” of bonds issued by the Agricultural Development Bank of China and “Excellent Market Maker” of bonds issued by the Export-Import Bank of China.

Wealth Management Business

The wealth management structure was continuously optimized. Guided by regulatory policies and aligned with the head office’s strategy, the Bank prioritized customer service, with a focus on enhancing quality and efficiency. The Bank has made unremitting efforts in optimizing its product structure and assets portfolio management, and fulfilling its obligations of entrustment and fiduciary duties of wealth management with trustworthiness and due diligence. The Bank saw sound operations of its wealth management business.

The product quality was improved steadily. By adhering to the development philosophy of finance for serving the people, empowering the people, benefiting the people and making their lives convenient, the Bank has improved the wealth management product system, diversified its wealth management business types, enhanced business investment and research capabilities, and consolidated the quality of internal control management, to meet the people’s multi-tiered and diversified wealth management needs.

Efforts were made to comprehensively deepen the digital intelligence empowerment. In alignment with its digitalization development strategy, the Bank was dedicated to value creation and technological innovation, continually enhancing the technology that supports its wealth management business. In the first half of 2024, the Bank successfully launched the direct link project for the wealth management registration system, which effectively standardized and normalized the data submission process for wealth management products. It also implemented data governance requirements and continuously improved the quality and efficiency of its wealth management information registration practices. As a result, it was awarded the “Outstanding Institution of Wealth Management Information Registration in 2023.”

Management Discussion and Analysis

9.4 Industrial finance business

In the first half of 2024, the Bank's industrial finance business continued to strengthen the management level focusing on six major modules of business innovation, marketing empowerment, risk control and compliance, digital transformation, ecological construction and industry-college-institute cooperation, and achieved significant results. As of the end of the reporting period, the credit balance of the Bank's industrial finance business was RMB52,812 million, representing a net increase of RMB3,525 million or 7.15% from the beginning of the year.

Continuously promoting business innovation. Focusing on two major modules of industrial finance and supply chain finance, the Bank launched N-type products, including the smart series and special industry loan series, covering four major scenarios: prepayment, receivables, inventory and portfolio. This forms a product business system of "2+4+N". At present, the Bank has developed special industrial financial service solutions for 24 industrial scenarios, such as non-ferrous, iron, steel, sand and gravel, providing end-to-end chain services that deeply meet the diverse business needs of industrial customers.

Comprehensively improving marketing empowerment. In the first half of 2024, the Bank effectively promoted industrial finance marketing empowerment through various formats such as seminars and training sessions. These covered program analysis, industry analysis, risk management, and other core aspects of industrial finance. Meanwhile, tailored business solutions were designed based on the industrial and business characteristics of branches. In the first half of the year, the Bank achieved full coverage of marketing empowerment for industrial finance business across branches, sub-branches directly administered by the Bank and specialty sub-branches, conducting 57 business presentations and industrial empowerment training sessions.

Prudently perfecting risk control and compliance. Adhering to the core control logic of various industrial finance scenarios, the Bank has established a six-in-one smart risk control system. This system is built on the development strategy of "professional team building, clear control plans, structured review mechanisms, standardized cross-examination, normalization of the three realities principles, and a digital control platform."

Conducting digital transformation to improve quality and efficiency. The Bank made significant progress in building the integrated industrial finance platform. The first phase of the platform was successfully launched in January this year, featuring customer application, loan disbursement, asset pool function, automatic repayment, and signature migration functions. By June 2024, the cumulative loan amount reached RMB10,560 million. The Bank actively aligned with multi-level industrial digitization policies, being the first in the province to launch a specialized digital transformation credit scheme, "Digital Transformation Loan," which has been successfully implemented in the copper industry chain in Yingtan. The Bank also initiated preliminary construction plans for the "Easy Enterprise Profit" platform for the copper industry in Yingtan, the "Rare Metal Cloud" for tungsten and rare earth industries in Ganzhou, and the De'an textile industry platform, significantly enhancing the Bank's industrial digital support capabilities.

Management Discussion and Analysis

Making multi-point linkage in ecosystem building. The Bank deepened cooperation with regulatory bodies, industry players, and infrastructure providers to build a robust and competitive industrial ecosystem. The Bank completed regulatory cooperation admissions with leading industry players like Zheshang Development and Huangxing Cold Chain, and integrated cloud warehouse non-ferrous metals with the national tungsten and rare earth monitoring center, significantly enhancing the Bank's industrial service capabilities.

Deepening integration of “enterprises, universities and research institutions”. The Bank conducted internal and external cooperation to enhance business leadership and brand influence. In the first half of 2024, the Bank was invited to participate in the “11th Industry Digitalization and Supply Chain Finance Innovation Forum 2024” and other cutting-edge industry seminars, receiving the “Outstanding Financial Institution Award” and other honors, which significantly enhanced the brand value of Jiuyin industrial finance. The Bank was one of only five city commercial banks nationwide invited to the 2024 Annual Working Meeting of the Documentation Center Working Group of the ICC China Banking Commission, gaining market recognition in the professional field.

Trading and Financial Business

In the first half of 2024, the Bank's trading and financial business focused on “three excellence and one enhancement (三優一強化)”: excellent products, excellent services and excellent efficiency, and enhanced policy execution, comprehensively targeting the real economy with sustained growth and resilience.

“Practical” policy execution and key areas focus. In the first half of 2024, the cross-border RMB settlement scale of the Bank reached RMB2,402 million, up 57.17% year-on-year. Current account and direct investment cross-border RMB settlement volume reached RMB2,400 million, up 60.56% year-on-year, accounting for 56.87% of the total RMB and foreign currency volume, ranking first among city commercial banks in the province.

“Precise” credit allocation and diverse needs focus. The Bank deepened layout in key areas, with the scale of trading and financial business in manufacturing and inclusive micro and small enterprises growing by 9.96% and 52.46% year-on-year, respectively. The Bank effectively aligned with the real economy's demands, leveraging an integrated settlement and financing approach, the Bank developed a “1+N” financial solution, serving over 1,200 enterprises in the upstream and downstream of the industrial chain, with steadily improving coordination capabilities.

“Refined” transformation and development and accumulative strength for prudent operation. Aligning with the main line of prudent operation, the interest income of trading and financial business increased by 14.68% year-on-year, showing the “achievement” of transformation. With a focus on customer group management, the overall customer group increased by 8.45% year-on-year, and the domestic business customer group increased by 13.18% year-on-year, reflecting the “quality improvement” of management.

“Changed” ticket instrument for using flexibly and efficiently. The Bank quickly completed the study, design and launch of the payment of letters of guarantee business to meet the needs of diversified settlement financing. In compliance with regulations, the coverage of foreign exchange settlement is further expanded, with the transformation from “capital preservation” to “profit making”. The new model contributed cross-border RMB settlement scale of RMB760 million, and additionally contributed exchange income of RMB522,500.

Management Discussion and Analysis

Bill Business

In the first half of 2024, the Bank continued to strengthen its bill service to serve the real economy, and by effectively integrating bills with industrial finance, solved the problem of “financing difficulties and high financing costs” faced by the real economy.

Focusing on industrial finance and making full use of commercial bills to drive development.

Taking the development of industrial finance as an opportunity, the Bank continued to deepen the role of commercial bills in serving the industrial and supply chains, and continued to promote the development of commercial bill business in 64 niche areas including steel making, copper processing, automobiles, and rare earths. In the first half of 2024, the Bank handled commercial bill discounting amounting to RMB4,301 million, an increase of 162.84%, and the commercial bills served 186 customers in total.

Full product chain management to help entities improve quality and efficiency.

The Bank coordinated the entire life cycle of bill products, realizing integrated management of acceptance, credit enhancement, discounting, inter-bank discounting, rediscounting, etc. This approach constantly improved the depth and breadth of bill operations, and enhanced the quality and efficiency of real economy services. In the first half of 2024, acceptance business, discounting business and rediscounting business increased by 34.42%, 53.94% and 24.61%, respectively.

Enhancing coordination between enterprise-bank discounting and inter-bank discounting, and intensifying research and analysis efforts to improve efficiency and profitability.

The Bank strengthened coordination between enterprise-bank discounting and inter-bank discounting, ensuring seamless connectivity between the bill discounting and trading ends, while maintaining a highly active secondary market. We continuously improved our ability to analyze the bill market, predicted bill price trends, and strategically positioned ourselves early to lock in profits from bill operations.

Focusing on embedding processes and enhancing control through technological empowerment.

The Bank worked on embedding key due diligence points and advancing the automation and intelligence of bank acceptance and bill credit enhancement business reports. We focused on embedding trade background, implementing contract and invoice management to enable verification of trade contracts and invoice associations. We worked on embedding information disclosure, enabling blacklisting checks within the billing system and credit risk management and control for billing operations.

Enterprises-universities-research integration is key to building our brand in bill services.

The Bank adhered to the integration of enterprises, universities and research, made full use of research outcomes to practice in areas such as bill risk prevention, product innovation, and market trend changes, thereby promoting the standardized and steady development of bill business. In the first half of 2024, the Bank co-hosted a seminar titled “Building a Financial Powerhouse: Five Priorities of Bill Services” with Jiangxi University of Finance and Economics, and organized it with Jiu Yin Bill Research Institute. The seminar focused on topics such as bill services in technology finance, green finance, inclusive finance, elderly care finance, and digital finance, and the Bank’s influence in the industry has continued to grow.

Management Discussion and Analysis

9.5 Specialty business

Inclusive Financial Business

As of the end of the reporting period, the balance of the Bank's inclusive small and micro enterprises loans was RMB56,023 million, representing an increase of RMB2,111 million or 3.92% as compared to the end of last year, the number of inclusive small and micro enterprises receiving these loans was 53,537. The balance of inclusive agricultural loans was RMB14,640 million, representing an increase of RMB885 million or 6.43% as compared to the end of last year; 67 projects were carried out for one county and one product, serving 9,593 customers with a loan balance of RMB11,401 million, covering planting, livestock feeding, agricultural and sideline production and processing, trade services, agricultural machinery and equipment, etc.

Launching inclusive products that are convenient and efficient. In order to support the development of rural industries and farmers' entrepreneurship, the Bank continued to optimize the "Easy Farming Loan – Rural Achiever Loan (易農貸 – 鄉村能人貸)" credit products, mainly targeting planters, farmers, agricultural products processing traders, township mom-and-pop stores and other customer groups, thereby realizing the operation of all procedures including application, file submission, approval, signature, and lending online.

Green Financial Business

Increasing the release of green credit to drive the development of the green economy. Focusing on key green industries and important green projects, thorough research was conducted, and the Bank has introduced its first-ever Green Credit Policy of Bank of Jiujiang 2024, which promoted the steady growth of the Bank's green loans. As of the end of the reporting period, according to the People's Bank of China's green loan statistical standards, the balance of green loans of the Bank amounted to RMB35,224 million, with an average growth rate of over 50% over the past five years. This effectively served the real economy and promoted green transformation.

Aiming towards the carbon peak and carbon neutrality goals and serving key areas of carbon emission reduction. Approved by the People's Bank of China as one of the first institutions to expand the carbon emission reduction support tool, as of the end of the reporting period, the Bank has supported the implementation of 11 carbon emission reduction projects in five municipal district cities which are Jiujiang, Shangrao, Pingxiang, Ganzhou and Xinyu. These efforts have contributed to the Bank's cumulative allocation of RMB405 million in carbon emission reduction loans, resulting in an annual cumulative reduction of 82,200 tons of carbon dioxide equivalents.

Creating transformational financial products and supporting the green transformation of enterprises. The Bank launched special financial products for transformation, namely "Carbon-Efficient Loan" and "Digital and Carbon Integration", in Jiujiang and Pingxiang, pilot cities of transformation finance in Jiangxi. This innovatively linked loan pricing with the carbon emission performance of enterprises, supporting small and medium-sized industrial enterprises in reducing carbon emissions in their production structures. Aiming at industrial and commercial distributed photovoltaic, the Bank launched a special green financial product "Photovoltaic Loan" to support the construction of distributed photovoltaic power stations and to promote carbon reduction in energy consumption structure.

Management Discussion and Analysis

Promoting multi-party cooperation and supporting sustainable development. As the first city commercial bank in China to join the Partnership for Carbon Accounting Financials (PCAF), the Bank actively explored the use of PCAF methodology to carry out carbon accounting in the investment and finance fields. As the first corporate bank in Jiangxi Province to join Jiangxi New Energy Industry Association, the Bank actively cooperated with the Association to support expanding and strengthening the new energy industry in Jiangxi Province. As the sole financial institution assisting in hosting the 2024 Jiujiang “Government-Bank-Enterprise” matchmaking event on financial support for green and low-carbon transformation, the Bank provided precise services to serve the needs of the real economy for green transformation.

Automobile Finance Business

Deep cultivation of the automobile industry and layout of strategic transformation. The Bank implemented the strategic transformation policy of finance serving the local real economy, focused on business development of the three provinces, and made innovations in diversified business scenarios such as premium installments and Nanchang’s centralized warehouse. In addition, the Bank adhered to innovative retail and services for comprehensive scenarios, explored the extension opportunities of the value chain around the main engine plants, and strengthened efforts to promote online car-hailing, centralized purchasing, logistics and other scenario businesses, with an investment of RMB1,780 million in the new scenario finance business in the first half of the year.

High-quality and efficient services to strengthen business development. On the one hand, the Bank focused on optimizing inclusive financial services for small and micro enterprises to improve the penetration rate of inclusive finance. In the first half of 2024, the Bank provided total loans of RMB200 million for 12 new customers with loans of less than RMB30 million for each customer. On the other hand, the Bank implemented inclusive financial policies to promote the development of the commercial vehicle industry, and the new loans for commercial vehicles have exceeded RMB550 million. Moreover, the Bank deepened the integration of finance with insurance companies and logistics companies by developing premium installment products and exploring the potential financial needs of commercial vehicle customers to promote the development of the industry.

Focusing on transaction data and optimizing risk management. Based on business logic, the Bank built the “Three Major Data”, penetrated business scenarios and refined ten monitoring indicators to realize early prediction of risks. At the same time, the RPA technology was applied to optimize business and risk management efficiency, and electronic contracts were launched to promote the processed and paperless business, which further enhanced customer experience.

Management Discussion and Analysis

9.6 Subsidiaries business

The Bank, as the lead sponsor, established 20 Jiuyin County Banks, among which 18 county banks were consolidated and controlled. For details of Jiuyin County Banks, please refer to “Information on Directors, Supervisors, Senior Management, Staff and Institution – 9. Basic Information of Institutions under the Bank” and Note 46 to the financial statements of this interim report.

In 2024, Jiuyin County Banks continue to adhere to the business policy of “localization, fostering distinctive strengths, penetrating into county-level markets, avoiding blind expansion, maintaining profitable position, and securing sustainable growth”, uphold the market concept of “focusing on agriculture, rural areas and farmers to serve small and micro enterprises”, actively implement the rural revitalization strategy and strive to carry out inclusive finance, thus effectively playing the leading role in providing financial services in rural areas.

As at the end of the reporting period, the total assets of the controlled county banks of the Bank amounted to RMB16,729 million, the total loans (including discounted bills) amounted to RMB9,920 million, and the balance of deposits amounted to RMB14,276 million; the total assets of the county banks in which the Bank has shareholdings are RMB4,708 million, the total loans (including discounted bills) amounted to RMB3,354 million, and the balance of deposits amounted to RMB3,805 million.

The Bank, as the lead sponsoring bank of Jiuyin County Banks, will continue to guide all county banks to adhere to original aspirations, strengthen beliefs, clarify direction, and press ahead resolutely. While helping county banks do their work well, the Bank will focus on “three sound managements and two good practices (三個管好、兩個做好)”, actively perform its duties as the lead bank, and fully support Jiuyin County Banks in embarking on the high-quality development course towards “small but beautiful”, “small but professional” and “small but excellent” banking institutions with unique products.

10. DEVELOPMENT STRATEGY

2024 marks the 75th anniversary of the founding of the People’s Republic of China, a critical year for the accomplishment of objectives and tasks of the “14th Five-Year” Plan, and the first year for the comprehensive implementation of the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. In 2024, the working theme of the Bank is to take firm steps towards transformation, refining business operations and management, and fully enhancing strategy execution capability.

Party building will always guide the development of the Bank. The Bank will thoroughly study, publicize and implement the spirit of the 20th National Congress of the Communist Party of China, the Second Plenary Session of the 20th Central Committee of the Communist Party of China, China’s Central Economic Work Conference and China’s Central Financial Work Conference, fully implement the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. The Bank will earnestly implement the work plans proposed at the Fifth Plenary Session of the 15th Provincial Party Committee of Jiangxi Province, the Economic Work Conference of the Provincial Party Committee of Jiangxi Province and the Eighth Plenary Session of the 12th Municipal Party Committee of Jiujiang. And adhering to the principle of seeking progress while maintaining stability, promoting stability through progress and establishing the new before abolishing the old, the Bank will continue to invest efforts in “five priorities” including technology finance, green finance, inclusive finance, elderly care finance and digital finance, while fulfilling its social responsibility as a financial enterprise.

Management Discussion and Analysis

The Bank, as a city commercial bank, will always adhere to the market positioning of “serving the local economy, small and medium-sized enterprises, and urban and rural residents”. The Bank will take firm steps towards transformation by zooming in on its marketing and risk management and vigorously developing industrial finance and inclusive finance businesses. Also, the Bank will proactively integrate its business development into regional development and take initiative to support the development of the regional economy, so as to align its development with local development. To refine its business operations and management, the Bank will bolster research and planning, improve progress in a coordinated manner, adjust the pace in time, and ensure refined process management when implementing its day-to-day work. To amplify integrated operation, the Bank will strive to develop a mechanism featuring “customers driving frontline staff, frontline staff driving front office, and front office driving middle office and back office”, so that our staff can be fully empowered by better strategy execution capability.

11. RISK MANAGEMENT

11.1 Risk management structure

The risk management organization structure of the Bank consists of the Board and its sub – committees, senior management and its sub-committees and significant risk sector composed of functional departments, risk directors and risk managers, which is a top-to-bottom and bank-wide risk management structure.

The Board assumes the ultimate responsibilities in respect of comprehensive risk management in accordance with the Articles of Association and regulatory requirements. The Risk Management Committee under the Board is responsible for reviewing the risk management strategies and risk appetite of the Bank, reviewing the risk organizational structure, policies and systems, supervising and evaluating the implementation of the systems and risk control, and regularly assessing the risk management status and risk tolerance. The Board of Supervisors supervises the establishment of a comprehensive risk management system and the performance of the duties of comprehensive risk management by the Board and senior management. Senior management and its sub-committees formulate and implement corresponding risk management strategies in accordance with the risk management objectives of the Board, and provide and secure resources to implement specific risk management work. The significant risk sector, consisting of the Risk Management Department, Credit Extension Department, Risk Asset Management Department and Legal and Compliance Department of the head office, integrates resources and collaborates to carry out the integrated management of major risks within the Bank. Risk managers are assigned to branches, important business lines, centers and departments, subject to the management and assessment of the head office, to carry out risk management of their institutions.

The Risk Management Department of the Bank is the lead management department for credit risk, market risk and information technology risk, and is the centralized management department for other risks, while the Planning and Finance Department, Legal and Compliance Department and General Management Department are the lead management departments for other risks.

Management Discussion and Analysis

11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. In 2024, the Bank advanced comprehensive credit risk management by building and optimizing a multi-dimensional risk management system. This system achieved automated alerts and task notifications, driving the standardization and normalization of post-loan processes. Through mechanisms such as risk alerts and supervision, suspension and resumption management, early warning handling, and potential risk management, we promoted a closed-loop approach to credit risk management.

Credit risk refers to the risk of losses due to the default of the debtors or counterparties or the reduction in their credit ratings and performance capabilities. The credit risks of the Bank mainly arise from loans, investments, guarantees, commitments and other on- and off-balance sheet credit risk exposures.

The credit risk management organization system of the Bank is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and Credit Risk-taking Department, etc., thus forming a credit risk management structure characterized by centralized and unified management and hierarchical authorization and implementation. The Board is the Bank's highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, making recommendations to the Board and reviewing major credit risk management matters as authorized by the Board. Senior management is the Bank's highest decision-making panel for daily credit risk management, which is responsible for fully organizing the implementation of credit risk management strategies and risk appetite approved by the Board, putting into practice credit risk management policies, procedures and measures, and undertaking the credit risk arising from business operation. The Risk Management Department is the Bank's leading department for credit risk management, which is responsible for formulating and organizing the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. The Credit Extension Department is responsible for implementing risk management of credit extension. The competent department of each line is responsible for their respective credit extension business, as well as inspection and supervision over the implementation and execution of the Bank's credit risk-related system. The Audit Department is responsible for the independent review and evaluation of the Bank's credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.

1. Promote the reform of the credit risk management and control mechanism. The Bank developed a distinct risk culture, strengthened the role of cultural influence and guidance, enhanced the supervision of disciplines, enforced responsibility at all levels, and fostered a prudent and dynamic risk management culture. The Bank implemented the optimization of organizational structure to strengthen the force of risk management personnel, strive to improve its credit extension capability, highlight the function positioning of risk asset management, and enforce the risk control responsibilities of its line departments.
2. Improve the multidimensional credit risk monitoring system. The Bank built a credit risk monitoring and reporting management system to track and collect significant risk events in a timely manner; consolidated the management of overdue loan scissors differences, enforced the responsibility of potential risk management, and strengthened risk classification management; set up a closed-loop management system for retail risk monitoring to enhance the supervision and management of retail overdue loan collection and continue to invest efforts in asset quality planning.

Management Discussion and Analysis

3. Improve credit extension management mechanism and implement post-credit management. We promoted intelligent and standardized post-loan inspection templates and achieved one-stop post-loan operation; implemented normalized supervision and inspection mechanism and standardized post-loan review meeting mechanism for large-amount credit; established the work mechanisms such as suspension and resumption of credit extension, credit officers' comprehensive indexes of risk control capability, post-loan management effectiveness measurement indicator and the linkage and agile coordination between headquarters and branches.
4. Deepen the construction of the digital risk control system, and promote uniformity, standardization and digitalization in the credit management process and highlight system coordination and value utilization. We rebuilt the credit line management system and improved and upgraded the credit system; strengthened the application of intelligent risk control and assisted efficient decision-making in business; continued to promote the development of risk management tools and realized one-stop risk identification, monitoring, investigation, mitigation, etc., and helped refined and forward-looking risk management.

11.3 Market risk management

Market risk refers to the risk of losses to the Bank's on- and off-balance sheet activities arising from unfavorable movements in market prices (interest rates, exchange rates, stock prices and commodity prices).

According to the Bank's asset allocation, the market risks faced by the Bank are mainly interest rate risk and exchange rate risk, including trading books and bank books. According to its asset scale, business nature and business complexity, the Bank has established a market risk management system and classification rules of books that are appropriate for the Bank, and has clarified the responsibilities of the Board, senior management and relevant departments under the market risk governance framework. By setting the hypothetical conditions of the stress test and applying the relevant models, we separately measure the potential losses caused by assets of trading books and bank books under light, medium and severe scenarios, and use system tools to measure relevant market risk indicators such as VAR value, PVBP, duration and modified duration, in an effort to objectively reflect the level of the market risk undertaken by the Bank.

11.4 Country risk management

The country risk refers to the risks that make debtors of a country or region unable or refuse to pay debts of banking financial institutions, that make the commercial presence of the banking financial institutions in that country or region suffer losses, or that make banking financial institutions suffer other losses due to political, economic and social changes and events in a country or region.

In strict compliance with the regulatory requirements, the Bank integrated country risk management into the comprehensive risk management system, and established a country risk management system that was compatible with the strategic objectives of the Bank, and the scale of exposure and complexity of the country risks, so as to regularly monitor the operation of country risk limits and business management.

Management Discussion and Analysis

11.5 Operational risk management

Operational risk refers to risks caused by problems existing in internal procedures, employees or information technology systems, as well as external incidents.

Our Bank has set up a good operational risk governance organizational structure composed of the Party Committee, the Board of Directors, the Board of Supervisors, the senior management and three lines of defense. The Board is our Bank's highest decision-making body regarding operational risk management. The Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors and the senior management. The senior management is responsible for implementing operational risk management strategies, overall policies and systems approved by the Board of Directors, as well as continuously establishing and improving the three lines of defense for operational risk, and improving the operational risk management system that is appropriate for the scope of business, risk characteristics, scale of operation and regulatory requirements.

During the reporting period, the Bank strengthened its operational risk management mainly through the following measures:

1. Constantly improve the structure of governance and control. The operational risk management policy has been revised to incorporate operational risk management into the comprehensive risk management system, further clarifies the dual responsibilities where each department shall be primarily responsible in its key operational risk area, and at the same time provides relevant resources and support for other departments to manage operational risk involving its division of responsibilities and expertise. The Bank has formulated the appetite, limits and strategies of annual operational risk, and issued a series of risk management documents such as operational risk appetite statements to improve the risk appetite and its transmission mechanism, so as to control operational risk within a tolerable range. Taking the implementation of the new capital regulations and the new regulations on operational risk as an opportunity, the Bank conducted external consultation to analyze the operational risk gap and make improvements, and promoted the landing of the adaptive transformation of the new regulations in the Bank.
2. Strengthen the use of management tools and methodologies. The Bank has enhanced the monitoring of key risk indicators (KRI). The Bank conducts annual re-inspections and regularly monitors key operational risk indicators, covering multiple key lines such as operation and management, credit card, risk, information technology, financial planning, human resources, compliance, and auditing, and accurately identifies the changes in operational risk in various areas based on the area and frequency of indicator abnormality. The Bank has strengthened the Risk and Control Self-Assessment (RCSA). The Bank regularly conducts an annual operational risk assessment, which evaluates the effectiveness of the Bank's operational risk management and control based on inherent risks, control measures and remaining risks; and strengthens the pre-identification and assessment of operational risks in response to significant changes. The Bank has enhanced the identification and management of loss data collection (LDC). Taking the implementation of the new capital regulations as an opportunity, the Bank carries out re-inspection with respect to the operational risk loss data in the last five years, optimizes the operational risk loss event management process, continuously updates the operational risk loss event database and carries out identification, collection, confirmation and dynamic management of operational risk loss data on a regular basis.

Management Discussion and Analysis

3. Optimize and improve management processes and mechanisms. Optimize the related system functions. Carry out the project construction of a risk-weighted (RWA) system, realize the functions of operational risk capital measurement system, optimize the functions of internal control compliance and operational risk management system, and strengthen the application of the system. Strengthen full process control. Improve the system, strengthen the review of the system, and conduct system evaluation regularly; continuously sort out the compliance key points and promote the embedded of the “foundation engineering” in the process of compliance key points, and strengthen the rigid control of risks; Strengthen on-site inspection and troubleshooting of operational risks. Improve various management mechanisms. Improve the training mechanism for operational risks and incorporate the operational risk training into the compliance training system; improve the operational risk assessment mechanism, combining the process-based assessment with outcome-based assessment of operational risks, and incorporating it into the comprehensive risk management assessment system; establish a sound mechanism for information communication, regularly link and share information on internal control, compliance, case prevention (employee behavior), business continuity, information technology, legal risks, outsourcing, etc., to achieve joint prevention and control.

11.6 Liquidity risk management

Liquidity risk refers to the risk of failure of commercial banks to acquire sufficient funds in a timely manner at a reasonable cost to pay off debts due or meet liquidity demands in line with the expansion of business operations. The objective of the Bank’s liquidity management is to ensure sufficient fund positions to meet requirements for solvency obligations and business liquidation funds in a timely manner.

The organizational structure for liquidity risk management of the Bank consists of a decision-making system, an executive system and a supervision system. The decision-making system includes the Board of Directors and the Risk Management Committee under the Board of Directors; the executive system includes senior management and its Asset and Liability Management Committee, Risk Classification Committee and other relevant business management departments; the supervision system includes the Board of Supervisors and the Audit Department. The Board of Directors is our Bank’s highest decision-making body regarding liquidity risk management, which undertakes the ultimate responsibility for liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The senior management is fully responsible for the organization and implementation of the Bank’s liquidity risk management. As a comprehensive risk management functional department, the risk management department of the Head Office takes the lead in coordinating liquidity risk management, formulates risk appetite, limits management programme and risk management strategies annually, drafts risk management reports, and reports to senior management. The planning and finance department of the Head Office is the executive department of the Bank’s liquidity risk management, and is primarily responsible for the management of the daily fund position, while the Capital Operation Centre and other departments (lines) in the Head Office are the executive departments of the Bank’s liquidity risk management, and are responsible for coordinating the implementation of liquidity risk management. The Audit Department performs independent audits and supervisions on our Bank’s liquidity risk management activities.

Management Discussion and Analysis

During the reporting period, the Bank managed liquidity risk mainly through the following measures. Firstly, the Bank improved its liquidity management system, and further improved the Bank's liquidity risk management system and mechanism. Secondly, the Bank stressed its main responsibilities, strengthened the daily coordination of liquidity risk, improved the liquidity limit management system, strengthened the monitoring and early warning of risk limit, and adjusted relevant indicators in a timely manner in combination with the balance sheet plans, and ensured that the value of each indicator meets the regulatory requirements. Thirdly, the Bank intensified the construction of liquidity early warning mechanisms, strengthened the monitoring on abnormality in deposits or withdrawals, effectively implemented liquidity emergency drills, conducted liquidity stress tests and assessments on a quarterly basis, and increased the number of special stress tests according to the actual situation. Meanwhile, the Bank strengthened the application of stress test results in the balance sheet plans. Fourthly, the Bank optimized the allocation of assets and liabilities, strengthened the balanced management of the balance sheet plans and liquidity risk, paid attention to the management of the maturity and structure of assets and liabilities, and maintained a safe and reasonable level of maturity mismatch. Fifthly, the Bank continuously optimized the capital position management system, promoted the optimization of day-to-day position management, and improved customer experience and the refinement of day-to-day liquidity control.

As of the end of the reporting period, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 59.40%, 122.06% and 168.02%, respectively. Among them, the balance of high-quality liquid assets was RMB55,596 million and the net cash outflow in the next 30 days was RMB33,089 million.

Items	As of June 30, 2024	As of December 31, 2023
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Net stable capital ratio	122.06%	127.03%
Available stable capital	349,650.90	341,784.06
Required stable capital	286,451.15	269,050.29

11.7 Compliance risk management

Compliance risk refers to risks of being subject to legal sanctions, regulatory penalties and significant financial and reputational losses as a result of a failure of commercial banks to comply with laws, regulations and rules.

The Bank has established a compliance management organizational structure consisting of the Party Committee, the Board of Directors, the Board of Supervisors, senior management, the Legal and Compliance Department, the Audit Department, business line departments and branches. The Board of Directors is ultimately responsible for the compliance of commercial bank's business activities. The Board of Directors and its Compliance Management Committee are responsible for daily supervision of compliance risk management. The Board of Supervisors is responsible for supervising the performance of compliance management responsibilities of the Board of Directors and senior management. The senior management is responsible for effectively managing compliance risks and continuously establishing and improving compliance risk management system suitable for operation scope, organizational structure and business scale.

Management Discussion and Analysis

During the reporting period, the Bank managed compliance risk through the following measures:

1. Implementing regulatory opinions. Adhering to the business policy of “promoting compliance”, the Bank has continued to improve the long-term mechanism for the implementation of supervisory opinions, and effectively implemented the four process management processes, namely decomposition and transmission, process supervision, result verification, and evaluation and handling. The Bank has consolidated the responsibility of management through continuous follow-up, rolling account closure, appraisal and supervision, which effectively improved the internal control and compliance as well as the operation management capability and level of the whole Bank.
2. Regulating the management of administrative penalties. The Bank adhered to the principle of responsibility must be answerable, accountability must be strict and default of responsibility must be penalized, implemented the system of economic accountability for administrative penalties, established a long-term rectification mechanism for administrative penalties, continuously analyzed the underlying causes of problems in depth, consolidated the main responsibility of the Head Office for management and control, and promoted underlying cause rectification based on the principle of targeting accurately and learning from mistakes to prevent recurrence. The Bank disseminated and warned of major violations, and provided compliance tips and recommendations on business operation and management of the whole Bank, so as to ensure high-quality and stable development.
3. Improving the quality and efficiency of compliance management efforts. Taking a risk-based approach, the Bank formulated a bank-wide compliance management plan on an annual basis, took risk prevention as the starting point, focused on key areas and key businesses, made full use of the off-site monitoring mechanism and compliance reminder mechanism, pre-controlled compliance risks, promoted timely and effective rectification of compliance risk and inadequacies in internal control, and further highlighted the early detection, early warning and early resolution of outstanding problems. For the purpose of risk prevention, the Bank steadily promoted the embedding of compliance points into the system process, and further strengthened the rigid control of various compliance risks. It also established compliance risk monitoring indicators, optimized the list of compliance risks, measured the possibility and impact of compliance risks according to the risk matrix, carried out compliance risk assessments, and improved the level of compliance management.
4. Improving the institutional management mechanism. The Bank adhered to the system first with the principles of internal and external compliance, integrity, applicability, and simplification, strengthened the review of system compliance, regularly carried out post-system evaluation and system planning, conducted a rolling assessment of the system issued for more than three years, and put forward problems in the system and compliance opinions.

Management Discussion and Analysis

5. Strengthening the compliance management of the whole process. The Bank adhered to the whole process control, established a legal and compliance review mechanism in terms of pre-event, pre-reviewed the use of the seal, external information release, non-format contracts, large-scale investment business, related party transactions, and new products, and organized a series of compliance training. In terms of during-event, the Bank improved the internal control compliance and operational risk management system, optimized the employee behavior monitoring model, issued compliance risk reminders and compliance risk reminders bulletin, and implemented during-event monitoring and early warning; in terms of post-event, with the aim of root cause management and systematic control, we will conduct traceability analysis of major risk issues such as cases, administrative penalties, and consumer insurance complaints from the whole chain, process, and link of mechanism, system, process, operation, etc., and run through the working paths of internal control evaluation, operational risk assessment and product evaluation to put forward improvement suggestions and promote rectification, thus strengthening the compliance management of the whole process.

11.8 Money laundering risk management

The risk of money laundering refers to the likelihood or probability of an act or process where the criminals or lawbreakers use various means to cover up or conceal the source and nature of illegal funds and turn them into legitimate funds in the process of establishing business relationships with customers, selling financial products and providing financial services.

The Bank has established and improved the anti-money laundering organizational structure in which the Board of Directors, the Board of Supervisors, the senior management, the business departments, the functional departments and branches perform their own responsibilities and implement management at different levels. The Special Committee of Anti-Money Laundering of the Head Office is the leading and decision-making body of the Bank's anti-money laundering work. The President serves as the chairperson, the bank leaders in charge of anti-money laundering and major business lines serve as the vice chairpersons, and the heads of relevant departments (offices) of the Head Office are members of the Special Committee. The Special Committee of Anti-Money Laundering has an Anti-Money Laundering Work Office, and the Legal and Compliance Department (Anti-Money Laundering Center) of the Anti-Money Laundering Work Office takes the lead in handling specific affairs.

During the reporting period, the Bank reinforced the capability to manage money laundering risk mainly through the following measures:

1. Strengthen risk alert and actively fulfill anti-money laundering reporting obligations. In the first half of 2024, the Bank continuously submitted high-value transaction reports and suspicious transaction reports through the "Data Receiving Platform for High-Value Transaction and Suspicious Transaction Reports from Banking Industry" (銀行業大額交易和可疑交易報告數據接收平台) of the Anti-money Laundering Monitoring and Analyzing Center of the People's Bank of China, and transferred valuable clues to the local branches of the People's Bank of China and public security organs in the first place, and the effectiveness of the Bank in combating and controlling money laundering crimes was recognized by the regulatory authorities. In June 2024, in the Notification on Praising Outstanding Collectives and Individuals for Combating and Controlling Money Laundering Crimes in Jiangxi Province in 2023 《關於表揚2023年江西省打擊治理洗錢違法犯罪成績突出集體和個人的通報》 jointly issued by 11 ministries and commissions including the People's Bank of China Jiangxi Branch, the Legal and Compliance Department of the Bank and the Compliance Department of the Pingxiang Branch were rated as outstanding collectives, and the anti-money laundering staff of many branches were rated as outstanding individuals.

Management Discussion and Analysis

2. Upgrade system functions and strengthen the support capabilities of anti-money laundering, and anti-fraud system support capability. In 2024, the Bank placed greater emphasis on the interoperability of the anti-money laundering system, anti-fraud system and business system. In order to better implement the requirements of anti-money laundering and anti-fraud list management, the Bank upgraded the counter system, credit system and other business systems, pre-positioned the risk warning information in the business system to realize the list screening before the business operations. Through the enhancement of system function, the system can assist staff to better meet high-risk customer management requirements, and further reduce the risk of money laundering and fraud.
3. Safeguard the interests of the public, and firmly improve the quality and effectiveness of anti-telecommunications network fraud efforts. Firmly focusing on the fundamental interests of the people, the Bank steadily conducted and promoted the administration efforts of the “funding chain” of telecommunications network fraud and cross-border gambling to cut off the transfer chain of fraudulent funds of criminals, and carried out police-bank cooperation to intercept fraudulent funds by blocking abnormal account openings, to comprehensively improve the effectiveness of anti-crime and administration efforts. In 2024, the Bank assisted the public security organs in arresting a number of criminal suspects and was commended by the public security department.
4. Strengthen publicity and training, enhance the capability of performance of its duties of the employees, and strengthen the public’s awareness of anti-money laundering. Focusing on the key point of the anti-money laundering, the Bank has developed a detailed and accurate anti-money laundering training program to continually optimize and enrich teaching courseware, expand lecturer team, take anti-money laundering courses as the required courses of the employees in different positions such as senior management, new employees, tellers, account managers, and to reach all the businesses and all the employees with anti-money laundering requirements through conducting training with different themes for the employees from different business lines and different positions, so as to ensure the steady improvement on anti-money laundering awareness of the Bank. The Bank mobilized the outlets of the Bank and carried out more than 50 anti-money laundering publicity activities in total, with innovation on publicity through a combination of regular publicity and special centralized publicity, and more than 150,000 people attended these activities.

Management Discussion and Analysis

11.9 Information technology risk management

Information technology risk refers to any operational, legal and reputational risk arising from natural factors, human factors, technical bugs and management defects in connection with the application of information technologies by the Bank.

The Bank has set up an information technology risk management organizational structure composed of the Board of Directors, the senior management and the Information Technology Management Committee under it, and the implementation level. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The effective pre-event, during-event and post-event risk prevention systems have been jointly ameliorated.

1. Continuously conduct technology risk assessment and monitoring. We conduct comprehensive risk assessments in technology, effectively identify information technology risk points, form a special assessment report and submit the Information Technology Management Committee and the Board of Directors for consideration, as well as enhance problem analysis and rectification implementation.
2. Strengthen information and network security prevention and control. We prioritize information security management and strengthen its refined management by focusing on Internet application systems. During the first half of 2024, penetration testing and crowd-sourced testing were conducted on selected critical information systems, and no security incidents or data breaches occurred.
3. Improve business continuity management across the entire Bank. We comprehensively set up a business continuity management system, continuously expand the scope of business continuity drills, strengthen the management of the whole process of drill plans and summaries, and establish a long-term mechanism for business continuity management across the entire bank. In addition, we have obtained the certification for the Business Continuity Management System. Our business continuity management aligns with international standards in ten major areas including system, policies and risk response.

11.10 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability.

The Bank attaches great importance to reputational risk management. We continuously improve our political stance, enhance risk awareness, and incorporate reputational risk management into our comprehensive risk management system. We conduct 365 days x 24 hours continuous reputational risk monitoring and regularly carry out reputational risk hazard inspections, while formulating emergency plans for reputational risk events based on identified risks and hazards, pushing the reputational risk management defense line forward, with the aim to prevent public opinion incidents from the source, continuously reduce potential reputational risks, and promote the Bank's sustained and steady operation.

Management Discussion and Analysis

In the next stage of reputational risk management, the Bank will continue to improve various systems and processes for reputational risk management, continue to implement 24/7 public opinion dynamic monitoring, increase efforts to investigate reputational risks, strengthen reputational risk training, improve the “all-staff, full-process, grid-based” management system, and continuously enhance the Bank’s reputational risk management capabilities. At the same time, the Bank will further strengthen positive publicity and guidance, build a more harmonious and stable external public opinion environment, and consolidate, maintain and enhance the Bank’s good brand image.

11.11 Strategic risk management

Strategic risk refers to the risk caused by improper operation policies of a commercial bank or changes in the external operation environment.

The Bank’s strategic risk management goals are to set up and improve the strategic risk management system to systematically identify and evaluate potential risks in our Bank’s existing strategic plans and adopt scientific decision-making approaches and risk management measures to minimize or avoid substantial losses at a maximum level.

The Bank establishes a well-rounded strategic risk management organizational structure composed of the Board of Directors and the Strategy Committee under it, the senior management, strategy management functional departments of the Head Office and other related functional departments. During the reporting period, the Bank proactively strengthened strategic risk management: firstly, sorted rules, established systems, and implemented strategic risk systems. Our Bank executed the Management Measures for Strategy and Operation Planning of Bank of Jiujiang strictly, and proactively launched strategic risk management to identify strategic management risks. Secondly, improved systems and carried out strategic closed-loop management. The Bank balanced short-term financial goals and long-term sustainable development goals, strengthened the integration of strategy and daily operation and management, built a strategic management system of goal setting – measure implementation – implementation evaluation – feedback and improvement, and played a role in the strategic adjustment. At the same time, our Bank did well in strategic research, promoted strategy implementation, and improved strategic leadership. Thirdly, strengthened the performance of duties and management over strategic risks. Our Bank clarified full-time strategic management personnel, continuously strengthened the performance of functions such as strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and processes, and improved the efficiency of strategy implementation. Fourthly, broke down tasks and promoted strategy implementation. The Bank formulated and decomposed its strategic objectives in the form of three-year medium-term and long-term plans and annual business plans, strengthened the overall strategic deployment, formulated practical step-by-step implementation plans, and accelerated the establishment and improvement of effective strategy implementation management mechanisms to effectively guarantee the smooth achievement of development strategy objectives.

Management Discussion and Analysis

As of the first half of 2024, our Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

Next, in terms of strategy formulation, the Bank plans to further increase the retrospective analysis to accurately estimate its own competitiveness, the strength of its competitors and the various opportunities and threats in the external environment, highlight differentiation and specialization, and enhance its core competitiveness. In terms of strategy implementation, the Bank will refine the decomposition of strategic objectives, transform strategy into controllable objectives, measurable indicators and implementable programs, and ensure that the plan is implemented on time and in accordance with quality by adopting measures such as task decomposition, time decomposition, and department or position decomposition. In terms of strategy supervision, the Bank will strengthen the monitoring of the implementation process, closely track and monitor the strategy implementation process, and continuously improve the incentive mechanism closely linked to the completion of the strategic objectives to encourage the advanced and spur the backward. In terms of guarantee mechanism, the Bank will strengthen the strategy publication and implementation, improve resource guarantee, further strengthen strategy publication and implementation and the professional staffing of the Research and Planning Department, condensate heart cohesion and promote the orderly development of strategic management work.

Changes in Share Capital and Information on Shareholders

1. CHANGES IN SHARE CAPITAL

As of June 30, 2024, the Bank's total number of issued shares was 2,847,367,200, including 2,365,000,000 Domestic Shares and 482,367,200 H Shares.

During the reporting period, there was no change in the share capital of the Bank.

Class of shares	As at June 30, 2024		Changes in shares during the reporting period (share)	As at December 31, 2023	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	1,376,298,436	48.34	0	1,376,298,436	48.34
Domestic social legal person shares	963,065,583	33.82	10,143	963,055,440	33.82
Domestic natural person shares	25,635,981	0.90	(10,143)	25,646,124	0.90
Overseas listed shares (H Shares)	482,367,200	16.94	0	482,367,200	16.94
Total number of ordinary shares	2,847,367,200	100.00	0	2,847,367,200	100.00

2. PARTICULARS OF SHAREHOLDERS

2.1 Total number of shareholders of Domestic Shares as at the end of the reporting period

As of June 30, 2024, the Bank had 699 domestic shareholders in total, including 44 state-owned shareholders, 55 social legal person shareholders and 600 natural person shareholders.

Changes in Share Capital and Information on Shareholders

2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As at June 30, 2024, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares of the Bank are as follows:

Name of shareholders	Class of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of the reporting period (%)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	12.85
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	12.85
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	10.34
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	4.78
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.37
Ruichang State-Owned Investment Holding Group Co., Ltd.	Domestic Shares	89,760,000	3.15
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.04
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	2.98
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.00
Wuning Urban Investment Group Co., Ltd. (武寧城投集團有限公司)	Domestic Shares	56,392,500	1.98
Total		1,632,987,590	57.35⁽¹⁾

Note:

(1) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

Changes in Share Capital and Information on Shareholders

2.3 Interests and short positions of substantial shareholders in shares and underlying shares under Hong Kong laws and regulations

As of June 30, 2024, so far as is known to the Bank and the Directors, and taking into account the disclosed interests of shareholders on the HKEXnews website of Hong Kong Stock Exchange, substantial shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officers of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to notify the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO were as follows:

Name of shareholders	Class of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau ⁽²⁾	Domestic Shares	366,020,000 (L) ⁽¹⁾	Beneficial Owner	15.48	12.85
Beijing Automotive Group Co., Ltd. ⁽³⁾	Domestic Shares	366,020,000 (L) ⁽¹⁾	Beneficial Owner	15.48	12.85
Industrial Bank Co., Ltd. ⁽⁴⁾	Domestic Shares	294,400,000 (L) ⁽¹⁾	Beneficial Owner	12.45	10.34
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400 (L) ⁽¹⁾	Beneficial Owner	21.70	3.68
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400 (L) ⁽¹⁾	Investment Manager	21.70	3.68
Hopson Development International Limited ⁽⁵⁾	H Shares	20,000,000 (L) ⁽¹⁾	Beneficial Owner	4.15	0.70
Hopeson Holdings Limited ⁽⁵⁾	H Shares	46,037,600 (L) ⁽¹⁾	Beneficial Owner	9.54	1.62
Tai Fung Bank Limited ⁽⁶⁾	H Shares	46,037,600 (L) ⁽¹⁾	Security interest in shares	9.54	1.62
R&F Properties (HK) Company Limited ⁽⁷⁾	H Shares	63,591,000 (L) ⁽¹⁾	Beneficial Owner	13.18	2.23
Harbor Sure (HK) Investments Limited ⁽⁸⁾	H Shares	63,591,000 (L) ⁽¹⁾	Security interest in shares	13.18	2.23
Success Cypress Limited ⁽⁹⁾	H Shares	43,998,600 (L) ⁽¹⁾	Beneficial Owner	9.12	1.55
Rong De Investments Limited ⁽¹⁰⁾	H Shares	33,308,200 (L) ⁽¹⁾	Beneficial Owner	6.91	1.17
CHINA INTERNATIONAL MINERALS PTE. LTD.	H Shares	29,620,000 (L) ⁽¹⁾	Beneficial Owner	6.14	1.04
China International Mining United Co., Limited	H Shares	29,620,000 (L) ⁽¹⁾	Beneficial Owner	6.14	1.04
East System Investments Limited	H Shares	28,603,000 (L) ⁽¹⁾	Beneficial Owner	5.93	1.00

Changes in Share Capital and Information on Shareholders

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Jiujiang Finance Bureau, an official organ as legal person, holds a total of 366.02 million Domestic Shares of the Bank, accounting for 12.85% of the Bank’s total issued share capital as at the end of the reporting period. The bureau’s legal representative is Wu Zexun. In accordance with the forms for filing disclosure of interests submitted on August 20, 2019, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert or without contradiction since January 1, 2016, the Bank’s Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controlled a total of approximately 14.38% of the total issued share capital of the Bank.
- (3) Beijing Automotive Group Co., Ltd. (“**BAIC Group**”) holds 366.02 million Domestic Shares of the Bank, accounting for 12.85% of the Bank’s total issued share capital as at the end of the reporting period. BAIC Group was founded in 1958 and its legal representative is Zhang Jianyong. BAIC Group is headquartered in Beijing and is one of the leading automotive groups in China and a Fortune 500 Company.
- (4) Industrial Bank Co., Ltd. (“**Industrial Bank**”) holds 294.40 million Domestic Shares of the Bank, accounting for 10.34% of the Bank’s total issued share capital as at the end of the reporting period. Industrial Bank was founded in August 1988, its legal representative is Lyu Jiajin and it is headquartered in Fuzhou City, Fujian province. Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed on the Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.
- (5) Hopeson Holdings Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Hopson Development International Limited, a company incorporated in the British Virgin Islands. Hopson Development International Limited is a wholly-owned subsidiary of Hopson Development Holdings Limited, which is a company incorporated in Bermuda and is owned as to 53.75% by Sounda Properties Limited, a company incorporated in the British Virgin Islands. Sounda Properties Limited is wholly owned by Chu Mang Yee. Chu Mang Yee holds equity interests in 66.0376 million H Shares of the Bank through Hopeson Holdings Limited and Hopson Development International Limited, of which 46.0376 million H Shares are held through Hopeson Holdings Limited and the remaining 20 million H Shares are held through Hopson Development International Limited.
- (6) Tai Fung Bank Limited is a company incorporated in Macau and is owned as to 50.31% by Bank of China Limited. Bank of China Limited is owned as to 64.02% by Central Huijin Investment Ltd.
- (7) R&F Properties (HK) Company Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777). It is principally engaged in investment holding business.
- (8) Harbor Sure (HK) Investments Limited is a company incorporated in Hong Kong and is wholly owned by ABCI Investment Management Limited, a company incorporated in the British Virgin Islands. ABCI Investment Management Limited is wholly owned by ABC International Holdings Limited, which is a company incorporated in Hong Kong and is wholly owned by Agricultural Bank of China Limited, a company incorporated in the PRC. Agricultural Bank of China Limited is owned as to 35.29% and 40.03% by the Ministry of Finance of the People’s Republic of China and Central Huijin Investment Ltd., respectively.
- (9) Success Cypress Limited is a company incorporated in the British Virgin Islands and is ultimately held by Tan Huichuan, Tan Mei, Tan Haocheng and Tan Yuehua as to 43%, 7%, 25% and 25%, respectively. It is principally engaged in investment holding business. Guangzhou Jinxiu Dadi Property Development Company Limited (“**Guangzhou Jinxiu Dadi**”) is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. (“**Guangzhou Nimble**”) is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited (“**Guangzhou Jinxiu Investment**”) which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. (“**Zhaoqing Tiancheng**”); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (10) Rong De Investments Limited is a company incorporated in the British Virgin Islands and is owned as to 36%, 34.06% and 29.94% by Liao Tengjia, Chu Hing Tsung and Zhu Muzhi, respectively. It is principally engaged in investment holding business.

Changes in Share Capital and Information on Shareholders

2.4 The controlling shareholders of the Bank

As of the end of the reporting period, the Bank had no controlling shareholders.

2.5 Shareholders holding more than 5% (inclusive) of the Bank's shares

Jiujiang Finance Bureau

Jiujiang Finance Bureau holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 12.85% of the Bank's total issued share capital as of the end of the reporting period. Jiujiang Finance Bureau is an official organ as legal person, and the bureau's legal representative is Wu Zexun.

Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert since January 1, 2016, and the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controls an aggregate of approximately 14.38% of the ordinary shares of the total issued share capital of the Bank.

As of the end of the reporting period, neither Jiujiang Finance Bureau nor its related parties pledged the equity of the Bank.

Beijing Automotive Group Co., Ltd.

BAIC Group holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 12.85% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, BAIC Group did not pledge the equity of the Bank.

Founded in 1958, BAIC Group, with a registration place in Beijing and a total of approximately RMB19,956.5 million registered capital, is one of the leading automotive groups in China and a Fortune 500 Company. The legal representative of BAIC Group is Zhang Jianyong and its controlling shareholder is Beijing State-owned Capital Operation and Management Company Limited. The actual controller and ultimate beneficiary are the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BAIC Group has no concert parties.

Industrial Bank Co., Ltd.

Industrial Bank holds 294.40 million Domestic Shares of the Bank, which are social legal person shares, accounting for 10.34% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Industrial Bank did not pledge the equity of the Bank.

Founded in August 1988 and with a registration place in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It has approximately RMB20,774 million registered capital. The company's legal representative is Lyu Jiajin. It has no controlling shareholder, concert parties or actual controller. The ultimate beneficiary is Industrial Bank. Industrial Bank was officially listed on the Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.

Changes in Share Capital and Information on Shareholders

2.6 Other substantial domestic shareholders

According to the Interim Measures for the Equity Management of Commercial Banks, substantial shareholders of a commercial bank mean shareholders who hold or control 5% or more shares or voting rights of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant influence on the business management of the commercial bank. The significant influence mentioned above includes but is not limited to dispatching directors, supervisors or senior management of a commercial bank.

Other than those disclosed in Section 2.5 in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group Co., Ltd. and Industrial Bank Co., Ltd., substantial domestic shareholders of the Bank who hold less than 5% of total capital or total shares of the Bank but dispatch directors or supervisors to the Bank are Fangda Carbon New Material Co., Ltd. (“**Fangda Carbon**”) and Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (“**Foshan Gaoming**”).

Fangda Carbon New Material Co., Ltd.

Fangda Carbon holds approximately 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 4.78% of the Bank’s total issued share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controls an aggregate of 6.01% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.

Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of RMB4,026 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon’s legal representative is Ma Zhuo and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd. The actual controller and ultimate beneficiary is Fang Wei. Fangda Carbon was officially listed on the Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).

Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.

Foshan Gaoming holds 95.84 million Domestic Shares of the Bank, which are social legal person shares, accounting for 3.37% of the Bank’s total issued share capital as of the end of the reporting period. As of the end of the reporting period, Foshan Gaoming did not pledge the equity of the Bank.

Foshan Gaoming, with Luo Hanmin as its legal representative, was established in 2000 with a registration place in Foshan City, Guangdong Province. It has a total of RMB300.00 million registered capital. The controlling shareholder, the actual controller and the ultimate beneficiary are Wu Jialing. Foshan Gaoming has no concert parties. Foshan Gaoming is engaged in deposit receipt and deposit books printing, R&D and sales, and is the earliest plant in China to apply hot stamping to magnetic stripes of deposit books. It is also a member of “China Trade Association for Anti-counterfeiting”, one of the “Top 100 Printing Enterprises in Guangdong Province”, and a “Garden-like Organization in Foshan City”.

Changes in Share Capital and Information on Shareholders

2.7 Related parties of substantial domestic shareholders at the end of the reporting period

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
1	Jiujiang Finance Bureau	Jiujiang State-owned Assets Management Co., Ltd., Jiujiang Dingda Automobile Sales Service Co., Ltd. (九江鼎達汽車銷售服務有限公司), Jiujiang Dingxin Industrial Co., Ltd., etc.
2	Beijing Automotive Group Co., Ltd.	Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd., Jiangxi Changhe Automobile Co., Ltd., Guangzhou Haoxiuyang Technology Co., Ltd. (廣州好修養科技有限公司), etc.
3	Industrial Bank Co., Ltd.	Industrial Bank Financial Leasing Co., Ltd., China Industrial International Trust Limited, CIB Fund Management Co., Ltd., Industrial Consumer Finance Co., Ltd., Ciit Asset Management Co., Ltd., Industrial Wealth Asset Management Co., Ltd., Industrial Futures Co., Ltd., etc.
4	Fangda Carbon New Material Co., Ltd.	Liaoning Fangda Group Industrial Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd., Jiujiang Ping Gang Steel Co., Ltd., Pingxiang Pinggang Anyuan Steel Co., Ltd., Jiangxi Jinfang Industry and Trade Co., Ltd., Pingxiang Fangda Building Materials Distribution Co., Ltd. (萍鄉方大建材配送有限責任公司), etc.
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Foshan Gaoming Standard Spectrum Garden Co., Ltd., Guigang Hengfu Real Estate Co., Ltd., etc.

Changes in Share Capital and Information on Shareholders

2.8 Related party transactions between the Bank and the substantial domestic shareholders and their controlling shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries thereof in the reporting period

(I) Credit related party transactions

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Partes acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Jiujiang Dingda Automobile Sales Service Co., Ltd. (九江鼎達汽車銷售服務有限公司)	1.00	46.00
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Company Limited	-	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality	-	Jiujiang Dingxin Industrial Co., Ltd. Jiangxi Changhe Automobile Co., Ltd.	45.00 400.00	521.55
3	Industrial Bank Co., Ltd.	272.17	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	272.17
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	1,090.00	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel Group Co., Ltd.	2,260.00	4,469.98
5	Foshan Gaoming Jindun Heryue Computer Special Printing Co., Ltd.	-	Wu Jialing	-	Wu Jialing	-	-	-	Wu Jialing	-	Jiangxi Jiniang Industry and Trade Co., Ltd. Pingxiang Fangda Building Materials Distribution Co., Ltd. (萍鄉方大建材配送有限公司) Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiujiang Ping Gang Steel Co., Ltd.	10.00 10.00 600.00 499.98	-
	Total	272.17		1,090.00		-		-		-		3,947.53	5,309.70

Changes in Share Capital and Information on Shareholders

(II) Related party transactions regarding transfer of assets

The amount of general related party transactions regarding the transfer of assets was RMB7.5 million, with a total of 1 transaction, which was a real estate lease transaction.

(III) Related party transactions regarding services

None.

(IV) Related party transactions regarding deposits and other categories

Unit: in millions of RMB

No. shareholders	Name of shareholders	The controlling shareholders of the corporation	Deposit amount	Actual controllers	Parties acting in concert	Deposit amount	Ultimate beneficiary	Deposit amount	Related party with related transaction(s)	Deposit amount	Total
1	Fangda Carbon New Material Co., Ltd.	Liaoning Fangda Group Industrial Co., Ltd.	-	Fang Wei	-	-	Fang Wei	-	Jiujiang Ping Gang Steel Co., Ltd.	126.90	1,225.99
									Jiangxi Fangda Steel Group Co., Ltd.	42.86	
									Jiangxi Fangda Iron and Steel Group Enterprise Investment Co., Ltd. (江西方大鋼鐵集團企業投資有限公司)	1,000.00	
									Pingxiang Pinggang Anyuan Steel Co., Ltd.	30.00	
									Luyun No. 6 (Tianjin) Leasing Co., Ltd. (盛雲六號天津租賃有限公司)	26.23	
											1,225.99
											1,225.99

Note:

The data of credit related party transactions is the balance as at the end of June 2024 (after deducting the amount of pledged deposits provided by the related party at the time of credit granting and the amount of pledged bank certificates of deposit and treasury bonds); the data of related party transactions regarding deposit is the aggregate amount incurred from the first half of 2024, excluding the related party transactions exempted from consideration and disclosure as stipulated in Article 57 of the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions.

Changes in Share Capital and Information on Shareholders

2.9 Pledge of equity in the Bank by substantial domestic shareholders

As of the end of the reporting period, the substantial shareholders of the Bank did not pledge equity in the Bank.

2.10 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Mr. LUO Feng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Mr. SHI Zhishan as a Director of the Bank;
- (3) Industrial Bank Co., Ltd. nominated Ms. ZHOU Miao as a Director of the Bank;
- (4) Fangda Carbon New Material Co., Ltd. nominated Mr. LIU Yinan as a Director of the Bank; and
- (5) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. nominated Ms. CHEN Zhiying as a Supervisor of the Bank.

2.11 The number of pledged shares of the Bank reaching or exceeding 20% of the total issued share capital

As of the end of the reporting period, the number of pledged shares of the Bank did not exceed 20% of the total issued share capital.

2.12 The Bank's pledged shares being frozen, judicially auctioned, and restricted from voting or other rights by the law

- (1) As of the end of the reporting period, the Bank has 89,289,528 pledged shares that were involved in frozen; no pledged shares were involved in judicial auctions.
- (2) As prescribed in the Articles of Association by the Bank, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the voting rights of such shareholder at the Shareholders' General Meeting and the voting rights of the directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. As of the end of the reporting period, the voting rights represented by total 151,075,508 shares held by ordinary shareholders of the Bank were restricted, accounting for 5.31% of the total shares of the Bank.

2.13 Purchase, sale or redemption of listed securities of the Bank

During the reporting period, the Bank or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Bank (including sale of treasury shares). As of the end of the reporting period, the Bank or any of its subsidiaries did not hold treasury shares.

Information on Directors, Supervisors, Senior Management, Staff and Institution

1. CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June 30, 2024 (share)	Class of shares
ZHOU Shixin	Male	52	Executive Director and Chairman of the Board of Directors	September 2023-June 2026	Nil	
XIAO Jing	Male	47	Executive Director, Vice Chairman of the Board of Directors and President	June 2023-June 2026	70,000	Domestic Shares
YUAN Delei	Male	46	Executive Director, Vice President and Risk Director	June 2023-June 2026	Nil	
LUO Feng	Male	53	Non-executive Director	September 2023-June 2026	Nil	
SHI Zhishan	Male	45	Non-executive Director	June 2023-June 2026	Nil	
ZHOU Miao	Female	52	Non-executive Director	September 2023-June 2026	Nil	
LIU Yinan	Male	46	Non-executive Director	September 2023-June 2026	Nil	
WANG Wanqiu	Female	52	Independent Non-executive Director	September 2023-June 2026	Nil	
ZHANG Yonghong	Male	57	Independent Non-executive Director	September 2023-June 2026	Nil	
TIAN Li	Male	55	Independent Non-executive Director	September 2023-June 2026	Nil	
GUO Jiequn	Male	53	Independent Non-executive Director	September 2023-June 2026	Nil	

Information on Directors, Supervisors, Senior Management, Staff and Institution

Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June 30, 2024 (share)	Class of shares
YU Menglin	Female	51	Employee Representative Supervisor	June 2023-June 2026	121,400	Domestic Shares
LIAO Jingwen	Female	39	Employee Representative Supervisor	June 2023-June 2026	14,000	Domestic Shares
CHEN Zhiying	Female	56	Shareholder Supervisor	June 2023-June 2026	Nil	
TANG Xiaofeng	Male	60	External Supervisor	June 2023-June 2026	Nil	
CHUA Alvin Cheng-Hock	Male	66	External Supervisor	June 2023-June 2026	Nil	

Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held as at June 30, 2024 (share)	Class of shares
XIAO Jing	Male	47	Executive Director, Vice Chairman of the Board of Directors and President	70,000	Domestic Shares
XIE Haiyang	Male	40	Vice President	Nil	
YUAN Delei	Male	46	Executive Director, Vice President and Risk Director	Nil	
HUANG Chaoyang	Male	54	Assistant to President and Chairman of Zhongshan Xiaolan County Bank	500,000	Domestic Shares
QI Yongwen	Male	53	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
CAI Jianhong	Male	55	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	55	Chief Accountant	Nil	
CHENG Zhong	Male	48	Chief Information Officer	Nil	

Information on Directors, Supervisors, Senior Management, Staff and Institution

2. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Upon the consideration and approval at the eighth meeting of the seventh session of the Board on January 26, 2024, the Board resolved to terminate Ms. WANG Li's position as the Board Secretary due to retirement.

Upon the consideration and approval at the thirteenth meeting of the seventh session of the Board on June 27, 2024, the Board resolved to terminate Mr. XU Cao and Mr. WANG Yuanxin's positions as Assistants to President due to early retirement.

Except for the above-mentioned, from the end of the reporting period and as at the date of this interim report, there were no changes of other Directors, Supervisors and senior management of the Bank.

3. COMPANY SECRETARY

Mr. WONG Wai Chiu is the company secretary, the authorized representative and service of process agent of the Bank.

Mr. WONG is the associate director of SWCS Corporate Services Group (Hong Kong) Limited. He has over 30 years of professional services and senior management experience including acting as the chief financial officer, company secretary, information technology director and law enforcement officer in the areas of finance, accounting, regulatory compliance and enforcement, internal control, corporate governance, company secretarial work, trust, forensics accounting and assurance in multi-national banking, insurance, securities and information technology corporations and listed companies in Hong Kong as well as government departments and the Hong Kong Stock Exchange. He is a fellow member of The Hong Kong Chartered Governance Institute, a fellow member of the Chartered Governance Institute, a member of CPA Australia, an Australian Certified Practising Accountant, a member of the Hong Kong Trustee Association and a certified trust practitioner. He possesses a Bachelor of Social Science with Honours in Accounting from the University of Hong Kong and various master's degrees and diplomas in law, alternate dispute resolution, corporate governance and information technology from renowned universities of the U.K., Australia and Hong Kong.

4. REMUNERATION POLICY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank provided remuneration to executive Directors, chairperson of the Board of Supervisors and senior management in accordance with the Measures on Performance Appraisal for Senior Management of Bank of Jiujiang Co., Ltd. The Bank provided remuneration to independent non-executive Directors in accordance with the Allowance System for the Independent Directors of Bank of Jiujiang Co., Ltd., and provided remuneration to external Supervisors in accordance with the Allowance System for the External Supervisors of Bank of Jiujiang Co., Ltd. The non-executive Directors and Shareholder Supervisor of the Bank did not receive any compensation from the Bank. The remuneration standard of other Supervisors was implemented in accordance with relevant measures of the Bank.

Information on Directors, Supervisors, Senior Management, Staff and Institution

5. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities of the Bank for the relevant employees (as defined under the Listing Rules), of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the six months ended June 30, 2024. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

6. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the reporting period, the Directors, Supervisors or chief executive of the Bank who had interests and short positions in the Shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank under Section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code were as follows:

Interests in the Shares of the Bank (Long Positions)

Name	Position(s)	Class of shares	Nature of interest	Number of shares (share)	Approximate percentage of total issued share capital of the relevant class of the Bank (%)	Approximate percentage of total issued share capital of the Bank (%)
XIAO Jing	Executive Director, Vice Chairman and President	Domestic Shares	Beneficial Owner	70,000	0.00	0.00
LIAO Jingwen	Employee Representative Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00
YU Menglin	Employee Representative Supervisor	Domestic Shares	Beneficial Owner	121,410	0.00	0.00

Information on Directors, Supervisors, Senior Management, Staff and Institution

Interests in Associated Corporations (Long Positions)

Name	Position(s)	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
XIAO Jing	Executive Director, Vice Chairman and President	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	75,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	120,000	0.30
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	150,000	0.30
LIAO Jingwen	Employee Representative Supervisor	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	175,000	0.35
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	80,000	0.20
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	50,000	0.10
YU Menglin	Employee Representative Supervisor	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	50,000	0.10
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	50,000	0.10
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	40,000	0.10
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	75,000	0.15

Notes:

- (1) The Bank holds 35.00% of equity and 53.65% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.30% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 35.00% of equity and 54.40% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (4) The Bank holds 35.00% of equity and 54.80% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.

Information on Directors, Supervisors, Senior Management, Staff and Institution

7. POSITIONS HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN COUNTY BANK

Mr. HUANG Chaoyang, Assistant to President of the Bank, serves as the chairman of the board of directors of Zhongshan Xiaolan County Bank Co., Ltd.

Mr. CAI Jianhong, Compliance Director of the Bank, serves as the chairman of the board of supervisors of Beijing Daxing Jiuyin County Bank Co., Ltd.

8. INFORMATION ON EMPLOYEES

8.1 Composition of personnel

By department/function

	As at June 30, 2024	
	Number of staff	Percentage of total (%)
Corporate banking	1,044	19.06
Retail inclusive banking	1,597	29.15
Financial market business	41	0.75
Finance and accounting	448	8.18
Risk management, internal control and audit	318	5.80
Legal and compliance, human resources and information technology	455	8.31
Management	83	1.51
Teller	750	13.69
Jiuyin County Banks	638	11.65
Others	104	1.90
Total	5,478	100.00

By age

	As at June 30, 2024	
	Number of staff	Percentage of total (%)
Aged below 30	3,184	58.12
Aged 31-40	2,062	37.64
Aged 41-50	192	3.51
Aged over 50	40	0.73
Total	5,478	100.00

Information on Directors, Supervisors, Senior Management, Staff and Institution

By education level

	As at June 30, 2024	
	Number of staff	Percentage of total (%)
Master's degree and above	671	12.25
Undergraduate and junior college	4,798	87.59
Others	9	0.16
Total	5,478	100.00

8.2 Staff training plan

Upholding the good vision of “building a brand bank and establishing a century-aged shop” and adhering to the training concept of “condensing wisdom, inheriting culture, empowering growth and supporting development”, the Bank earnestly conducted learning empowerment by fully combining development strategies with business requirements, so as to promote the high-quality sustainable development of the Bank.

The Bank promoted the development concept of “Digital Jiuyin (數字九銀)”, continued to carry out online training, and fully utilized the online platform of “Jiuyin Yixue (九銀易學)” to enhance the overall quality and professional standards of the whole Bank. During the reporting period, the Bank produced 94 online courses, the online learning sessions of employees reached 296,400 times and the online learning hours of employees reached 184,200 hours, with the average learning hours per capita up to 29.29 hours.

The Bank continued to promote the construction of a closed-loop empowerment system characterized by “knowledge extraction, a combination of training and application, and promoting learning through examinations”, to encourage employees to become professional, expertised and career-oriented managers. With the training work comprehensively conducted against new employees, in-service employees and management cadres, etc., the Bank established a mechanism that requested new employees to be qualified for training before they began to work, which not only improved the service level, but also prevented operational risks. The Bank actively explored new training methods in conjunction with line departments, improved the quality and efficiency of training through the combination of theory and practice, and consolidated the level of business, to form a hierarchical grid-based empowerment system for all positions. The Bank insisted on the principle of “cultivating excellent people with the most excellent people” to strengthen the team building of internal lecturers and external lecturers. During the reporting period, the Bank organized and carried out a total of 7 training sessions for new employees, 18 training sessions of position enhancement, one training session for the improvement of cadres, and one post-qualification examination across the Bank.

8.3 Employee gender

As of the end of the reporting period, the proportions of male and female employees (including senior management) of the Bank are 45.60% and 54.40%, respectively. The Bank fully respects the individual differences of talents, creates a professional, inclusive and diverse working atmosphere in working space, and is committed to providing equal opportunities for all employees. The Bank considered it kept a balance of the gender ratio of existing employees (including senior management). The Bank is expected to continue to maintain gender diversity at the employee level (including senior management) in a reasonable manner.

Information on Directors, Supervisors, Senior Management, Staff and Institution

8.4 Remuneration policies

(I) **Remuneration management structure and decision-making procedures**

In order to standardize the remuneration management of the Bank, improve the remuneration management mechanism of the Bank, and establish a scientific remuneration management structure and decision-making procedures, the Bank has established a remuneration management structure formed by the Board of Directors, the Nomination and Remuneration Committee of the Board and the Performance Appraisal Committee.

There is a Nomination and Remuneration Committee under the Board of Directors of the Bank, which mainly reviews the general remuneration management system and policies of the Bank; formulates remuneration plans for Directors and the senior management, and provides suggestions to the Board on remuneration plans and supervises the implementation of remuneration plans. The Nomination and Remuneration Committee under the Board of the Bank is composed of a chairman and two members.

There is also a Performance Appraisal Committee thereunder internally in the Bank, which is mainly responsible for organizing, promoting and coordinating the performance appraisal work of the Bank. The Performance Appraisal Committee is composed of the chairman, the vice-chairman and the members.

(II) **Balance of remuneration and performance, standard of risk adjustment**

The Bank followed the guiding ideology of “Performance-driven” to implement a remuneration mechanism as both an incentive and restraint to employees. The remuneration is directly linked to performances and contributions to the Bank and is evaluated by EVA of each branch and net operating income. The remuneration adjustments of the Bank are based on operational performance and other factors, including the completion of risk cost control indicators, including at least capital adequacy ratio, non-performing loan ratio, general allowance ratio, case risk ratio, leverage ratio, etc.

Information on Directors, Supervisors, Senior Management, Staff and Institution

(III) Deferred payment remuneration, non-cash remuneration and deduction system

In order to ensure full effectiveness of remuneration in the Bank's risk management and control and to establish a scientific and reasonable incentive and restraint mechanism, in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank established a remuneration deferred payment management system for employees, and strictly implemented the remuneration deferred payment system that associated performance remuneration of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system. During the deferred payment period, in case of significant risk losses exposure in respect of the responsibilities, the Bank will cease the deferred payment of the responsible personnel and could recover the performance remuneration. For any exposed extraordinary risk losses in respect of the responsibilities, the Bank has implemented the recourse and rebate work according to the relevant performance-based remuneration recourse and rebate system of the Bank.

(IV) Contributions to the defined contribution plans

The contributions that the Bank contributes to the defined contribution plans are recognized as expenses when incurred, and will not be deducted by forfeited contributions of employees who left the plan before the contributions are fully attributed. Hence, there is no such issue that forfeited contributions may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

(V) Remuneration policies, formulation and filing of annual remuneration plans and assessment of the completion of economic, risk and social responsibility indicators

In order to enhance our competitive advantages and stimulate the enthusiasm of employees, the remuneration management of the Bank adheres to the principles of efficiency, fairness, performance-driven and business orientation. The remuneration system of the personnel of the Bank consists of basic salary, post salary, performance salary and allowances and benefits. The basic salary is the Bank's guaranteed compensation to ensure the daily life of the personnel; the post salary is the incentive compensation approved by the Bank based on the performance of the personnel on the post; the performance salary is a reward compensation determined by the Bank based on the performance of personnel; the allowances are the compensatory compensation determined for the personnel's special effort and labor consumption; and the benefits reflect the indirect compensation of the Bank's care for the personnel. The diversified and sound remuneration system effectively meets the needs of personnel's life and career development, enhances staff cohesion and centripetal force, and promotes the Bank's high-quality and sustainable development.

Information on Directors, Supervisors, Senior Management, Staff and Institution

9. BASIC INFORMATION OF INSTITUTIONS UNDER THE BANK

As of the end of the reporting period, the Bank operated the business through the head office in Jiujiang, 13 branches and 264 sub-branches which consisted of 176 traditional sub-branches, 80 community sub-branches and 8 small and micro enterprises sub-branches. The branch network of the Bank is primarily located in Jiangxi Province, and also covers Guangzhou, Guangdong Province and Hefei, Anhui Province. The Bank realized the full coverage of branches in cities with subordinate districts within Jiangxi Province, and the coverage rate of outlets in counties within Jiangxi Province reached 100%. In addition, as of the end of the reporting period, the Bank established 20 Jiuyin County Banks, among which 18 county banks were consolidated and controlled.

Status of the branches of the Bank as of the end of the reporting period is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No. 619 Changhong Avenue, Jiujiang, Jiangxi Province	1 head office, 40 traditional sub-branches, 16 community sub-branches	57
	Nanchang Branch	No. 1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub- branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 traditional sub-branch, 1 community sub-branch	3
	Ji'an Branch	New 196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 15 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	25
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 20 traditional sub-branches, 12 community sub-branches, 2 small and micro enterprises sub-branches	35
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 8 community sub-branches	21
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 18 traditional sub-branches, 2 community sub-branches, 1 small and micro enterprises sub-branch	22

Information on Directors, Supervisors, Senior Management, Staff and Institution

District	Name of institution	Operating address	Remark	Number
	Shangrao Branch	No. 5, Fenghuang West Avenue, Guangxin District, Shangrao, Jiangxi Province	1 branch, 13 traditional sub-branches, 6 community sub-branches	20
	Jingdezhen Branch	Bank of Jiujiang Mansion, Zijing Road, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 4 community sub-branches	12
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 4 traditional sub-branches, 2 community sub-branches	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 4 traditional sub-branches, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Shops 6, 7, 8 and 9/F and 10/F, Aoyuan Mansion, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou	1 branch, 12 traditional sub-branches, 1 community sub-branch	14
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 1 community sub-branch	15
				278

Information on Directors, Supervisors, Senior Management, Staff and Institution

Status of the controlled county banks of the Bank as of the end of the reporting period is set out below:

Name of subsidiaries	Operating address
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Rooms 130 and 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshan East Road, Fenyi County, Xinyu, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No. 619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi Town, Jing'an County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Lushan Jiuyin Yishu County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

Status of the county banks in which the Bank has shareholdings as of the end of the reporting period is set out below:

Name of associates	Operating address
Zhongshan Xiaolan County Bank Co., Ltd.	Rooms 101, 102, 103, 201, 202, 203, Block 2, No. 10 Shengping Middle Road, Xiaolan Town, Zhongshan, Guangdong Province
Guixi Jiuyin County Bank Co., Ltd.	No. 31 Xinjiang Road, Guixi, Yingtan, Jiangxi Province

Corporate Governance

1. OVERVIEW OF CORPORATE GOVERNANCE

The Bank has been improving its corporate governance in accordance with laws and regulations concerning corporate governance, such as the Company Law and the Corporate Governance Standards for Banking and Insurance Institutions, and under the supervision and leadership of competent supervision units. The Bank's general meeting of shareholders, Board of Directors, Board of Supervisors, as well as various special committees under the Board of Directors and the Board of Supervisors, enjoyed efficient operation during the reporting period, which has effectively ensured the Bank's compliance and robust operation as well as sustainable and healthy development. The Bank convened 42 meetings during the reporting period. Among them, there were 1 general meeting of shareholders, 6 meetings of the Board of Directors, 28 meetings of special committees under the Board of Directors, 3 meetings of the Board of Supervisors, and 4 meetings of special committees under the Board of Supervisors.

2. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Bank strictly complied with the provisions in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules and, where appropriate, adopted the recommended best practices.

3. HOLDING OF GENERAL MEETINGS OF SHAREHOLDERS

The Bank held 1 general meeting of shareholders during the reporting period. On June 28, 2024, the Bank convened the 2023 Annual General Meeting and deliberated on a total of 14 proposals, including the Proposal in relation to the Deliberating on the 2023 Report of the Board of Directors of Bank of Jiujiang Co., Ltd. and the Proposal of Deliberating on the 2023 Report of the Board of Supervisors of Bank of Jiujiang Co., Ltd.

All summoning, notifying, convening and voting procedures concerning the above general meetings of shareholders have complied with relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Bank.

4. HOLDING OF MEETINGS OF THE BOARD OF DIRECTORS AND ITS SPECIAL COMMITTEES

During the reporting period, the Board of Directors held 6 meetings, and considered and approved a total of 81 proposals. The special committees under the Board of Directors held 28 meetings, including 5 meetings of the Risk Management Committee, 5 meetings of the Audit Committee, 3 meetings of the Related Party Transactions Control Committee, 6 meetings of the Strategy Committee, 4 meetings of the Nomination and Remuneration Committee, 1 meeting of the Consumer Rights Protection Committee and 4 meetings of the Compliance Management Committee, at which a total of 85 proposals were considered and approved.

5. HOLDING OF MEETINGS OF THE BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES

During the reporting period, the Board of Supervisors held 3 meetings, and considered or debriefed 49 proposals. The special committees under the Board of Supervisors convened 4 meetings, including 3 meetings of the Nomination Committee and 1 meeting of the Supervisory Committee, and considered or debriefed 4 proposals.

Corporate Governance

6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with the latest requirements of relevant laws, regulations and other normative documents and in light of the actual situation of the Bank, the Bank amended several provisions in the Articles of Association. The amendment has been considered and approved by the Board of Directors and the general meetings of shareholders of the Bank, and has been approved by Jiangxi Bureau of the National Financial Regulatory Administration. The amended Articles of Association shall take effect from July 15, 2024, for details of the amendment, please refer to the Bank's circulars dated January 16, 2023, June 13, 2023 and September 8, 2023, respectively and the announcement dated July 18, 2024.

7. INTERNAL CONTROL AND INTERNAL AUDIT

7.1 Internal control

During the reporting period, centering on five elements of internal control and with the Basic System of Internal Control of Bank of Jiujiang Co., Ltd. as the guiding system, the Bank remained committed to improving its internal control system based on the principles of comprehensive coverage, checks and balances, prudence, and compatibility, with the aim of ensuring the effective implementation of laws, regulations, and rules, the achievement of development strategies and business objectives, the effectiveness of risk management practices, as well as the truthfulness, accuracy, completeness, and timeliness of business records, accounting information, financial information, and other management information. In terms of internal environment, we established an enterprise culture of sound internal control, namely "with internal control and compliance as our top priorities (內控先行合規優先)", focused on the operation strategy of "optimizing structure, saving capital, promoting compliance, controlling non-performing loans and stabilizing growth", optimized our organizational structure and established an internal control governance and organizational structure with a reasonable division of labor, defined responsibilities and clear reporting relationships, consisting of the Party Committee, the Board of Directors, the Board of Supervisors, the Shareholder's general meeting and the senior management (四會一層), functional department of internal control management, internal audit department and business department. In terms of risk assessment, we established a comprehensive risk management system, reconstructed the credit risk system and mechanism and continuously improved the whole process control mechanism of pre-event, during-event and post-event, thus effectively identifying, monitoring, measuring, evaluating and controlling various risks, and keeping the risks within tolerable limits. In terms of control measures, we developed a more comprehensive, systematic and standardized business system and management system for various business activities and management activities, the Bank responded to the strategy of "Digital Jiuyin" and continued to strengthen the construction of internal control and compliance, and constructed compliance management projects such as PingAn (平安) project (grid-based case prevention and control), JinJing (金睛) project (regularized risk identification) and Jigui (基軌) project (procedure-based risk control) and other key works, to reasonably identify risk control points, and all of these enable the Bank to ensure standardized operations by adopting appropriate control measures. In terms of information and communication, a more effective information communication mechanism has been established, the development of various information systems is relatively complete, the internal and external data indicator systems are well established, the three lines of defense and joint prevention and control mechanism are substantially improved, and information exchange and communication are smooth and effective. In terms of internal supervision, we focused on inspection and evaluation, inspected the major branches, important business and significant events of the Bank through the inspection of the party committee, the inspection compliance of internal control and routine investigation, and established a supervision and inspection system covering institutions at all levels, all products and all business processes; we carried out internal control evaluation and supervision and evaluation of the audit department to evaluate internal control defect level and internal control effectiveness, constantly strengthened the application of internal control evaluation results, and established internal control problem rectification mechanism and management responsibility system, forming a more effective internal control mechanism featuring beforehand risk prevention, in-progress control and post-event supervision and correction in place, etc.

Corporate Governance

The Bank formulated implementation rules, conducted internal control evaluation from design defects and implementation defects and evaluated the level of internal control defects and the effectiveness of internal control in a fair and objective manner through negative correction of the result indicators, and continuously enhanced the application of the evaluation results of internal control. Normally, the Bank conducted internal control special evaluation in a timely manner according to the major violations and important management matters, and urged to improve systems, optimize processes and upgraded systems based on the evaluation results to promote further improvement of internal control management.

7.2 Internal audit

Effective internal audit is of vital importance for ensuring sustainable development of the Bank's business operation. The Bank has established a vertical and independent internal audit organizational structure and sticks to the principles of independence and objectivity throughout the internal audit work. Meanwhile, the Board of Directors of the Bank has an Audit Committee which is responsible for reviewing and approving the important regulations and reports related to internal audit and more, as well as approving medium-to long-term audit plans and annual audit plans.

The objectives of our internal audit are the review, evaluation and improvement of our business operations, risk management, internal control and compliance and corporate governance by combination of the on-site audit and off-site audit through independent and objective supervision, evaluation and advisory activities in a systematic and standardized manner, so as to promote our steady operation and value enhancement.

Significant Events

1. PROFITS AND DIVIDENDS

The income and financial position of the Bank for the six months ended June 30, 2024 are set out in the interim financial statements of this interim report. The Bank did not recommend the payment of any interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: nil).

2. SIGNIFICANT INVESTMENT AND PLANS

During the reporting period, the Bank neither made any significant investment, nor had any concrete plans on significant investment or on acquiring significant capital assets or other businesses.

3. MATERIAL LAWSUITS, ARBITRATIONS AND MATERIAL CASES

During the reporting period, there were no litigations or arbitrations which had a material impact on the operation activities of the Bank.

4. RELATED PARTY TRANSACTIONS

The Bank carried out the related party transactions in strict compliance with the relevant requirements of the regulatory institutions and the Administrative Measures on Related Party Transactions of Bank of Jiujiang Co., Ltd. promulgated by the Bank.

In accordance with the requirements of the Measures for the Administration of Related Party Transactions of Banking and Issuance Institutions, the Bank approved the related party transactions on commercial principles with terms no favorable than those offered to non-related parties for similar transactions. The terms of such transactions are fair and reasonable, and are in the interests of all shareholders and the Bank as a whole, which has no adverse impact on the operating results and financial conditions of the Bank.

As of the end of the reporting period, the balance of the transactions with related legal persons was RMB5,310 million; the balance of transactions with related natural persons was RMB95 million; the total balance of related party transactions was RMB5,405 million, accounting for 11.50% of the Bank's reviewed net capital as at the end of the reporting period, which met the regulatory requirements.

For details of the transactions with related legal persons, please refer to Section 2.8 in Chapter 4 of this interim report.

5. SIGNIFICANT ASSETS PLEDGED

The Bank did not pledge any significant assets during the reporting period.

Significant Events

6. MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS COMBINATION

During the reporting period, the Bank was not involved in any material acquisition and disposal of assets or business combination.

7. PUNISHMENT AGAINST THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, the Bank, as well as its Directors, Supervisors or senior management of the Bank were neither under any investigation, administrative penalty or open criticism by the CSRC, nor under any public censure by the Hong Kong Stock Exchange or under any punishment by any other regulators which had a material effect on the Bank's operation.

8. REVIEW OF INTERIM REPORT

The interim financial report disclosed in this interim report is unaudited. KPMG has reviewed the interim financial statements for the six months ended June 30, 2024, which were prepared by the Bank in accordance with the International Financial Reporting Standards in accordance with relevant review standards, and issued the auditors' review report with a clean opinion.

On August 29, 2024, the Audit Committee of the Board of the Bank had reviewed and confirmed the interim results announcement of the Bank for the six months ended June 30, 2024, the 2024 interim report, as well as the unaudited interim financial statements for the six months ended June 30, 2024 which was prepared in accordance with the requirements of the IFRS.

9. INTERIM RESULTS

The interim results announcement of the Bank for the six months ended June 30, 2024 was published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jjccb.com) on August 30, 2024.

10. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this chapter, after the end of the reporting period, no significant events have taken place that may affect the Bank.

Review Report to the Board of Directors of Bank of Jiujiang Co., Ltd.

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 89 to 157 which comprises the consolidated statement of financial position of Bank of Jiujiang Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as at June 30, 2024, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 30, 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Interest income		9,746,506	9,799,902
Interest expense		(5,236,076)	(5,671,301)
Net interest income	5	4,510,430	4,128,601
Fee and commission income		513,773	445,709
Fee and commission expense		(59,772)	(53,521)
Net fee and commission income	6	454,001	392,188
Net gains arising from financial investments	7	538,412	629,574
Other income, gains or losses	8	(2,304)	105,010
Operating income		5,500,539	5,255,373
Operating expenses	9	(1,520,459)	(1,445,985)
Impairment losses on assets	10	(3,462,162)	(2,806,353)
Share of profits of associates		3,411	7,684
Profit before taxation		521,329	1,010,719
Income tax	11	70,850	(66,382)
Net profit for the period		592,179	944,337
Net profit for the period attributable to:			
Equity holders of the Bank		553,857	922,170
Non-controlling interests		38,322	22,167

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Net profit for the period		592,179	944,337
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in fair value		1,028,701	495,109
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		(11,844)	(382)
– Income tax relating to items that may be reclassified to profit or loss		(254,214)	(123,682)
Other comprehensive income for the period, net of tax	12	762,643	371,045
Total comprehensive income for the period		1,354,822	1,315,382
Total comprehensive income for the period attributable to:			
Equity holders of the Bank		1,307,562	1,290,337
Non-controlling interests		47,260	25,045
Total comprehensive income for the period		1,354,822	1,315,382
Basic and diluted earnings per share (in RMB)	13	0.08	0.24

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Financial Position

As at June 30, 2024 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Cash and balances with the central bank	14	31,807,975	33,302,531
Deposits with banks and other financial institutions	15	4,059,853	2,223,895
Placements with banks and other financial institutions	16	–	70,884
Financial assets held under resale agreements	17	3,271,744	14,346,187
Loans and advances to customers	18	303,034,938	293,410,239
Financial investments	19	140,967,344	145,948,869
Interest in associates	20	145,382	141,971
Property and equipment	21	3,558,818	3,645,471
Right-of-use assets	22	269,676	289,012
Deferred tax assets	23	4,682,686	4,520,103
Other assets	24	6,041,511	5,950,055
Total assets		497,839,927	503,849,217
LIABILITIES			
Borrowings from the central bank	25	25,631,719	28,106,605
Deposits from banks and other financial institutions	26	5,776,204	13,088,692
Placements from banks and other financial institutions	27	3,388,582	4,592,056
Financial assets sold under repurchase agreements	28	13,976,570	4,970,342
Customer deposits	29	365,047,264	370,733,048
Income tax payable		67,962	30,434
Debt securities issued	30	38,288,921	37,182,718
Lease liabilities	31	287,478	305,479
Provisions		237,355	490,795
Deferred tax liabilities	23	7,246	–
Other liabilities	32	3,332,627	3,392,538
Total liabilities		456,041,928	462,892,707

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Financial Position

As at June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
EQUITY			
Share capital	33	2,847,367	2,847,367
Other equity instruments	34	6,997,840	6,997,840
Reserves	35	31,111,992	30,311,272
<hr/>			
Equity attributable to equity holders of the Bank		40,957,199	40,156,479
Non-controlling interests		840,800	800,031
<hr/>			
Total equity		41,797,999	40,956,510
<hr/>			
Total liabilities and equity		497,839,927	503,849,217

The financial statements have been approved by the Board of Directors of the Bank on August 30, 2024.

Zhou Shixin
CHAIRMAN

Xiao Jing
EXECUTIVE DIRECTOR

Li Guoquan
CHIEF ACCOUNTANT

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Attributable to equity shareholders of the Bank							Non-controlling interests	Total	
		Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at January 1, 2024		2,847,367	6,997,840	11,639,129	516,903	4,615,043	5,525,566	8,014,631	40,156,479	800,031	40,956,510
Net profit for the period		-	-	-	-	-	-	553,857	553,857	38,322	592,179
Other comprehensive income for the period		-	-	-	753,705	-	-	-	753,705	8,938	762,643
Total comprehensive income for the period		-	-	-	753,705	-	-	553,857	1,307,562	47,260	1,354,822
Dividends paid to ordinary shareholders	36(1)	-	-	-	-	-	-	(170,842)	(170,842)	-	(170,842)
Dividends paid to other equity instruments holders	36(2)	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Others		-	-	-	-	-	-	-	-	(6,491)	(6,491)
As at June 30, 2024 (unaudited)		2,847,367	6,997,840	11,639,129	1,270,608	4,615,043	5,525,566	8,061,646	40,957,199	840,800	41,797,999
As at January 1, 2023		2,407,367	6,997,840	8,152,338	61,721	4,460,889	5,313,215	8,234,291	35,627,661	788,620	36,416,281
Net profit for the period		-	-	-	-	-	-	922,170	922,170	22,167	944,337
Other comprehensive income for the period		-	-	-	368,167	-	-	-	368,167	2,878	371,045
Total comprehensive income for the period		-	-	-	368,167	-	-	922,170	1,290,337	25,045	1,315,382
Dividends paid to ordinary shareholders	36(1)	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	36(2)	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Others		-	-	-	-	-	-	-	-	(16,401)	(16,401)
As at June 30, 2023 (unaudited)		2,407,367	6,997,840	8,152,338	429,888	4,460,889	5,313,215	8,579,724	36,341,261	797,264	37,138,525

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities			
Profit before taxation		521,329	1,010,719
Adjustments for:			
Depreciation and amortisation		283,091	261,295
Impairment losses		3,462,162	2,806,353
Interest income arising from financial investments		(2,122,153)	(2,411,826)
Interest expense arising from debt securities issued		472,411	355,818
Interest expense arising from lease liabilities		5,393	6,430
Net gains arising from financial investments		(536,281)	(629,914)
Share of profits of associates		(3,411)	(7,684)
Losses on disposal of property and equipment and other assets		34,908	3,801
Unrealised exchange gains		(7,432)	(33,050)
Others		(40,445)	(71,103)
Operating cash flows before movements in working capital		2,069,572	1,290,839
Decrease in balances with the central bank and deposits with banks and other financial institutions		1,099,566	1,507,418
Increase in placements with banks and other financial institutions		–	(650,000)
Decrease in financial assets held under resale agreements		199,507	–
Decrease in bonds investment measured at fair value through profit or loss		1,320,781	329,602
Increase in loans and advances to customers		(12,718,516)	(14,868,955)
(Decrease)/increase in borrowings from the central bank		(2,456,272)	6,146,676
(Decrease)/increase in deposits from banks and other financial institutions		(7,253,308)	228,668
Decrease in placements from banks and other financial institutions		(1,202,743)	(1,448,228)
Increase in financial assets sold under repurchase agreements		9,004,834	10,084,000
Decrease in customer deposits		(3,803,700)	(484,326)
Increase in other operating assets		(446,285)	(558,778)
(Decrease)/increase in other operating liabilities		(2,228,418)	824,004
Net cash (used in)/generated from operating activities before tax		(16,414,982)	2,400,920
Income tax paid		(301,173)	(571,421)
Net cash (used in)/generated from operating activities		(16,716,155)	1,829,499

The notes on pages 96 to 157 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2024 (Unaudited)	2023 (Unaudited)
Cash flows from investing activities			
Cash received from disposal and redemption of financial investments		131,719,259	120,421,698
Cash received from disposal of property and equipment and other assets		25,082	13,452
Net cash received from investment gains and interest		2,305,715	2,603,698
Cash paid for purchase of financial investments		(130,385,425)	(120,993,684)
Cash paid for purchase of property and equipment and other assets		(202,498)	(268,869)
Net cash generated from investing activities		3,462,133	1,776,295
Cash flows from financing activities			
Cash received from debt securities issued		25,773,792	17,528,353
Repayment of debt securities issued		(25,140,000)	(20,790,000)
Repayment of leases liabilities		(58,135)	(83,659)
Interest expenses paid for debt securities issued		–	(75,000)
Dividends paid to ordinary shareholders		(1,875)	(15,623)
Dividends paid to other equity instruments holders		(336,000)	(336,000)
Net cash generated from/(used in) financing activities		237,782	(3,771,929)
Net decrease in cash and cash equivalents		(13,016,240)	(166,135)
Cash and cash equivalents at the beginning of the period		30,823,209	18,861,838
Effect of foreign exchange rate changes		9,261	34,143
Cash and cash equivalents at the end of the period	37	17,816,230	18,729,846
Net cash (used in)/generated from operating activities include:			
Interest received		7,199,989	7,077,846
Interest paid		(6,729,968)	(4,399,485)

The notes on pages 96 to 157 form part of this interim financial report.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

1 GENERAL INFORMATION

Bank of Jiujiang Co., Ltd. (hereinafter referred to as the “Bank”) is formerly known as Jiujiang Commercial Bank, a joint-stock commercial bank established on the basis of Jiujiang Urban Credit Cooperatives as approved by the People’s Bank of China Wuhan Branch (Wuyinfu [1999] No. 300). The Bank changed its name to Bank of Jiujiang Co., Ltd. in September 2008.

The Bank is licensed as a financial institution by the former China Banking Regulatory Commission (the “former CBRC”, currently the National Financial Regulatory Administration, the “NFRA”) Jiangxi Province Bureau (No. B0348H336040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

The principal activities of the Bank and its subsidiaries (collectively, the “Group”) comprise deposit taking; granting short-term, medium-term and long-term loans; domestic and overseas settlements; bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds and financial bonds; inter-bank placement; providing letters of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service and other business approved by the NFRA.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on August 30, 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

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 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited but has been reviewed by KPMG 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 (“IAASB”).

The financial information relating to the financial year ended December 31, 2023, that is included in the interim financial report as comparative information does not constitute the Bank’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements* “*Classification of liabilities as current or non-current*” and “*Non-current liabilities with covenants*”
- Amendments to IFRS 16, *Leases* “*Lease liability in a sale and leaseback*”
- Amendments to IFRS 7 and IAS 7, “*Supplier finance arrangements*”

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

4 SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (Chief Operating Decision Maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

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

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

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services except for those carried by subsidiaries of the Bank.

Retail banking

The retail banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services except for those carried by subsidiaries of the Bank.

Financial market business

The Group's financial market business conduct money market or repurchase transactions, and financial investments for its own accounts or on behalf of customers except for those carried by subsidiaries of the Bank.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, share of profits of associates, income tax and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, loans and advances to customers, interests in associates and assets/liabilities of the subsidiaries of the Group. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

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4 SEGMENT ANALYSIS (Continued)

	Six months ended June 30, 2024				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	4,854,637	2,056,212	2,544,073	291,584	9,746,506
External interest expense	(1,637,599)	(2,278,577)	(1,235,636)	(84,264)	(5,236,076)
Net inter-segment interest (expense)/ income	(54,217)	1,560,207	(1,127,634)	(378,356)	-
Net interest income	3,162,821	1,337,842	180,803	(171,036)	4,510,430
Fee and commission income	271,611	29,268	211,516	1,378	513,773
Fee and commission expense	(5,502)	(37,099)	(15,437)	(1,734)	(59,772)
Net fee and commission income	266,109	(7,831)	196,079	(356)	454,001
Net gains arising from financial investments	-	-	537,937	475	538,412
Other income, gains or losses	(4,125)	(1,552)	17,803	(14,430)	(2,304)
Operating income	3,424,805	1,328,459	932,622	(185,347)	5,500,539
Operating expenses	(633,429)	(450,212)	(326,338)	(110,480)	(1,520,459)
Impairment losses on assets	(2,471,101)	(831,499)	(137,469)	(22,093)	(3,462,162)
Share of profits of associates	-	-	-	3,411	3,411
Profit before taxation	320,275	46,748	468,815	(314,509)	521,329
Income tax					70,850
Net profit for the period					592,179
Depreciation and amortisation	138,855	58,813	72,767	12,656	283,091
Purchase of non-current assets	67,776	28,706	35,517	4,070	136,069
Segment assets	216,429,654	83,768,492	180,020,043	12,939,052	493,157,241
Deferred tax assets					4,682,686
Total assets					497,839,927
Segment liabilities/Total liabilities	(173,425,503)	(180,197,965)	(87,407,229)	(15,011,231)	(456,041,928)
Credit commitments	102,359,862	6,235,854	-	34,845	108,630,561

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4 SEGMENT ANALYSIS (Continued)

	Six months ended June 30, 2023				Total
	Corporate banking	Retail banking	Financial market business	Unallocated	
External interest income	4,486,639	2,198,808	2,832,364	282,091	9,799,902
External interest expense	(2,085,982)	(2,415,165)	(1,098,823)	(71,331)	(5,671,301)
Net inter-segment interest (expense)/ income	(68,965)	1,746,652	(977,451)	(700,236)	–
Net interest income	2,331,692	1,530,295	756,090	(489,476)	4,128,601
Fee and commission income	307,009	43,832	93,386	1,482	445,709
Fee and commission expense	(5,124)	(37,665)	(8,845)	(1,887)	(53,521)
Net fee and commission income	301,885	6,167	84,541	(405)	392,188
Net gains arising from financial investments	–	–	629,574	–	629,574
Other income, gains or losses	–	(1,067)	65,236	40,841	105,010
Operating income	2,633,577	1,535,395	1,535,441	(449,040)	5,255,373
Operating expenses	(559,353)	(435,622)	(339,449)	(111,561)	(1,445,985)
Impairment losses on assets	(1,147,174)	(657,561)	(979,574)	(22,044)	(2,806,353)
Share of profits of associates	–	–	–	7,684	7,684
Profit before taxation	927,050	442,212	216,418	(574,961)	1,010,719
Income tax	–	–	–	–	(66,382)
Net profit for the period	–	–	–	–	944,337
Depreciation and amortisation	117,958	57,809	74,466	11,062	261,295
Purchase of non-current assets	453,262	222,134	286,139	28,497	990,032
Segment assets	193,835,194	88,575,922	192,956,300	12,553,616	487,921,032
Deferred tax assets	–	–	–	–	4,569,200
Total assets	–	–	–	–	492,490,232
Segment liabilities/Total liabilities	(170,477,426)	(151,734,330)	(74,183,211)	(58,956,740)	(455,351,707)
Credit commitments	91,268,354	23,909,502	–	–	115,177,856

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4 SEGMENT ANALYSIS (Continued)

Geographical information

The Group's revenue from external customers is derived solely from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.

Information about major customers

During the six-month ended June 30, 2024 and 2023, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.

5 NET INTEREST INCOME

	Six months ended June 30,	
	2024	2023
Interest income		
Balances with the central bank	202,374	218,641
Deposits with banks and other financial institutions	6,321	6,995
Placements with banks and other financial institutions	691	18,103
Financial assets held under resale agreements	230,446	190,787
Loans and advances to customers		
– Corporate loans and advances	4,745,114	4,223,415
– Retail loans and advances	2,275,120	2,414,652
– Discounted bills	164,287	315,483
Financial investments	2,122,153	2,411,826
Subtotal	9,746,506	9,799,902
Interest expense		
Borrowings from the central bank	(303,169)	(187,319)
Deposits from banks and other financial institutions	(144,663)	(209,865)
Placements from banks and other financial institutions	(58,937)	(90,900)
Financial assets sold under repurchase agreements	(193,542)	(175,309)
Customer deposits	(4,057,961)	(4,645,660)
Debt securities issued	(472,411)	(355,818)
Lease liabilities	(5,393)	(6,430)
Subtotal	(5,236,076)	(5,671,301)
Net interest income	4,510,430	4,128,601

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
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6 NET FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2024	2023
Fee and commission income		
Settlement and clearing fees	147,119	158,337
Credit commitments and financial guarantees fees	116,748	111,486
Wealth management fees	113,113	75,528
Agency service fees	98,189	54,958
Bank card fees	35,143	41,843
Transaction and consultancy fees	3,461	3,557
Subtotal	513,773	445,709
Fee and commission expense		
Transaction fees	(35,389)	(36,770)
Settlement fees	(21,407)	(14,260)
Others	(2,976)	(2,491)
Subtotal	(59,772)	(53,521)
Net fee and commission income	454,001	392,188

7 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Six months ended June 30,	
	2024	2023
Net gains on financial investments at fair value through profit or loss (“FVTPL”)	532,780	621,405
Net gains on financial investments at fair value through other comprehensive income (“FVOCI”)	4,763	7,698
Others	869	471
Total	538,412	629,574

Notes to the Consolidated Financial Statements

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8 OTHER INCOME, GAINS OR LOSSES

	NOTE	Six months ended June 30,	
		2024	2023
Government subsidies	(1)	19,636	35,198
Exchange gains		17,803	65,236
Rental income		11,655	13,085
Gains on disposal of property and equipment		519	3,745
Losses on disposal of repossessed assets		(35,427)	(7,546)
Depreciation of investment properties		(3,974)	–
Donation		(1,539)	(2,191)
Others		(10,977)	(2,517)
Total		(2,304)	105,010

Note:

- (1) Government subsidies mainly represent interest rate swap incentive, subsidies received from local government to encourage the expansion of agriculture-related loan portfolios, subsidies for stabilising and expanding positions, bonus for the Group's contribution to the local economic development and tax refund.

9 OPERATING EXPENSES

	Six months ended June 30,	
	2024	2023
Staff costs	848,942	804,270
General and administrative expenses	334,886	321,055
Depreciation and amortisation (excluding investment properties)	226,360	207,180
Tax and surcharges	57,514	59,365
Depreciation (right-of-use assets)	52,757	54,115
Total	1,520,459	1,445,985

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
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10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended June 30,	
	2024	2023
Loans and advances to customers at amortised cost	3,569,659	2,084,159
Loans and advances to customers at FVOCI	(10,867)	(3,081)
Financial investment measured at amortised cost	83,232	768,536
Financial investment measured at FVOCI	(977)	2,699
Others	(178,885)	(45,960)
Total	3,462,162	2,806,353

11 INCOME TAX

	NOTE	Six months ended June 30,	
		2024	2023
Current income tax		192,264	350,616
Tax filing differences		146,437	(421,621)
Deferred tax	23	(409,551)	137,387
Total		(70,850)	66,382

The Group carries out its operation in mainland China and all group entities are subject to the PRC Enterprise Income Tax. It is calculated at 25.00% of the estimated assessable profit for the period.

Notes to the Consolidated Financial Statements

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12 OTHER COMPREHENSIVE INCOME

	Period ended June 30, 2024		
	Before-tax amount	Tax expense	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	1,028,701	(257,175)	771,526
– FVOCI: net movement in impairment losses	(11,844)	2,961	(8,883)
Total	1,016,857	(254,214)	762,643

	Period ended June 30, 2023		
	Before-tax amount	Tax expense	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	495,109	(123,778)	371,331
– FVOCI: net movement in impairment losses	(382)	96	(286)
Total	494,727	(123,682)	371,045

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13 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	Six months ended June 30,	
	2024	2023
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to equity holders of the Bank	553,857	922,170
Less: Net profit attributable to holders of perpetual bonds	(336,000)	(336,000)
Net profit attributable to ordinary shareholders of the Bank	217,857	586,170
Numbers of shares:		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,847,367	2,407,367
Basic and diluted earnings per share (RMB yuan)	0.08	0.24

No diluted earnings per share for the six months ended June 30, 2024 and 2023 were presented as there were no dilutive potential ordinary shares outstanding during the respective periods.

14 CASH AND BALANCES WITH THE CENTRAL BANK

	NOTE	June 30, 2024	December 31, 2023
Cash		431,715	608,548
Statutory deposit reserves	(i)	24,061,478	24,343,033
Surplus deposit reserves	(ii)	7,026,981	7,811,996
Other deposits	(iii)	276,198	527,413
Subtotal		31,796,372	33,290,990
Accrued interest		11,603	11,541
Total		31,807,975	33,302,531

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14 CASH AND BALANCES WITH THE CENTRAL BANK (Continued)

Note:

- (i) The Group places statutory deposit reserves with the People's Bank of China (the "PBOC"). This includes RMB deposit reserves and foreign currency deposit reserves. These statutory deposit reserves are not available for the Group's daily operations.

As at June 30, 2024 and December 31, 2023, statutory deposit reserves with the PBOC were calculated at 6.50% and 7% of eligible RMB deposits for the Bank respectively, and at 5% and 5% for subsidiaries; and at 4% and 4% of foreign currency deposits for the Bank. The foreign currency deposit reserves placed with the PBOC are non-interest bearing.

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

- (iii) Other deposits mainly represent the required fiscal deposits placed with the PBOC.

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2024	December 31, 2023
Deposits with:		
Banks and other financial institutions in mainland China	2,877,270	1,935,809
Banks outside mainland China	1,182,520	284,938
Subtotal	4,059,790	2,220,747
Accrued interest	1,232	3,740
Allowances for impairment losses	(1,169)	(592)
Total	4,059,853	2,223,895

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2024	December 31, 2023
Placements with:		
Banks in mainland China	–	70,827
Accrued interest	–	71
Allowances for impairment losses	–	(14)
Total	–	70,884

Notes to the Consolidated Financial Statements

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17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(1) Analysed by type and location of counterparty

	June 30, 2024	December 31, 2023
Banks in mainland China	1,934,223	9,419,324
Other financial institutions in mainland China	1,338,870	4,929,189
Subtotal	3,273,093	14,348,513
Accrued interest	286	1,721
Allowances for impairment losses	(1,635)	(4,047)
Total	3,271,744	14,346,187

(2) Analysed by type of collateral

	June 30, 2024	December 31, 2023
Bonds	1,472,679	11,227,854
Bills	1,800,414	3,120,659
Subtotal	3,273,093	14,348,513
Accrued interest	286	1,721
Allowances for impairment losses	(1,635)	(4,047)
Total	3,271,744	14,346,187

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18 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysed by nature

Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

	NOTE	June 30, 2024	December 31, 2023
Corporate loans and advances			
– Loans		180,379,954	164,082,035
Retail loans and advances			
– Residential mortgage loans		31,070,457	32,751,447
– Personal loans for business purposes		35,604,384	37,829,778
– Personal loans for consumption		19,899,121	21,283,260
– Credit card		5,543,694	5,855,390
Subtotal		92,117,656	97,719,875
Gross loans and advances to customers at amortised cost		272,497,610	261,801,910
Accrued interest		1,743,792	1,466,125
Allowances for impairment losses			
– 12-month ECL		(1,626,578)	(1,686,786)
– lifetime ECL not credit-impaired		(3,546,472)	(2,359,034)
– lifetime ECL credit-impaired		(7,110,012)	(5,634,371)
Subtotal		(12,283,062)	(9,680,191)
Loans and advances to customers at amortised cost, net		261,958,340	253,587,844
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting	(i)	41,076,598	39,822,395
Total loans and advances to customers		303,034,938	293,410,239

Note:

- (i) As at June 30, 2024 and December 31, 2023, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB15.93 million and RMB26.80 million respectively, as detailed in Note 18(7)(ii).

Notes to the Consolidated Financial Statements

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(2) Analysed by industry sector

	June 30, 2024		Loans and advances secured by collaterals
	Amount	Percentage	
Manufacturing	48,255,827	15.39%	9,151,219
Wholesale and retail	30,270,422	9.65%	6,696,315
Leasing and commercial services	29,031,067	9.27%	5,042,268
Real estate	23,513,286	7.50%	14,511,799
Construction	22,996,971	7.33%	4,389,030
Water conservancy, environment and public utility management	13,237,493	4.22%	1,529,225
Education	6,052,485	1.93%	638,011
Agriculture, forestry, animal husbandry and fishery	6,037,654	1.93%	543,967
Health and social work	3,829,356	1.22%	276,220
Production and supply of electricity, heating, gas and water	3,429,862	1.09%	214,295
Others	12,617,368	4.02%	2,722,688
Subtotal of corporate loans and advances	199,271,791	63.55%	45,715,037
Retail loans and advances	92,117,656	29.38%	52,519,252
Discounted bills	22,184,761	7.07%	–
Gross loans and advances to customers	313,574,208	100.00%	98,234,289

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(2) Analysed by industry sector (Continued)

	December 31, 2023		Loans and advances secured by collaterals
	Amount	Percentage	
Manufacturing	43,638,114	14.47%	6,882,642
Wholesale and retail	28,040,655	9.30%	5,408,613
Real estate	24,427,805	8.10%	16,560,665
Leasing and commercial services	23,842,398	7.90%	3,846,610
Construction	21,068,401	6.98%	3,835,579
Water conservancy, environment and public utility management	12,098,967	4.01%	2,019,600
Education	6,107,917	2.03%	592,923
Agriculture, forestry, animal husbandry and fishery	5,419,186	1.80%	548,268
Health and social work	4,174,570	1.38%	285,000
Production and supply of electricity, heating, gas and water	3,049,473	1.01%	173,268
Others	10,415,676	3.45%	2,392,067
Subtotal of corporate loans and advances	182,283,162	60.43%	42,545,235
Retail loans and advances	97,719,875	32.40%	56,421,971
Discounted bills	21,621,268	7.17%	–
Gross loans and advances to customers	301,624,305	100.00%	98,967,206

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Analysed by type of collateral

	June 30, 2024	December 31, 2023
Guaranteed loans	106,431,726	98,183,491
Collateralised loans	98,234,289	98,967,206
Pledged loans	59,859,776	55,506,695
Unsecured loans	49,048,417	48,966,913
Gross loans and advances to customers	313,574,208	301,624,305
Accrued interest	1,743,792	1,466,125
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(12,283,062)	(9,680,191)
Net loans and advances to customers	303,034,938	293,410,239

(4) Overdue loans analysed by overdue period

	June 30, 2024				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralised loans	2,015,147	937,403	1,670,697	206,790	4,830,037
Guaranteed loans	608,027	1,805,285	392,208	66,361	2,871,881
Pledged loans	1,475,126	58,391	675,447	168,303	2,377,267
Unsecured loans	797,469	795,161	238,770	13,717	1,845,117
Total	4,895,769	3,596,240	2,977,122	455,171	11,924,302
As a percentage of gross loans and advances to customers	1.55%	1.15%	0.95%	0.15%	3.80%

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For the six months ended June 30, 2024 – unaudited
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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(4) Overdue loans analysed by overdue period (Continued)

	December 31, 2023				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralised loans	652,955	1,488,565	1,131,941	150,915	3,424,376
Guaranteed loans	208,557	649,223	206,413	68,843	1,133,036
Unsecured loans	293,470	480,621	191,538	65,942	1,031,571
Pledged loans	1,960	175,230	501,719	106,803	785,712
Total	1,156,942	2,793,639	2,031,611	392,503	6,374,695
As a percentage of gross loans and advances to customers	0.38%	0.93%	0.67%	0.13%	2.11%

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

(5) Analysed by geographical area

	June 30, 2024	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	163,265,378	52.07%
Jiujiang City	98,491,061	31.41%
Guangdong Province	24,971,863	7.96%
Anhui Province	16,926,222	5.40%
Others	9,919,684	3.16%
Gross loans and advances to customers	313,574,208	100.00%
	December 31, 2023	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	154,759,335	51.31%
Jiujiang City	95,669,267	31.72%
Guangdong Province	24,869,012	8.25%
Anhui Province	16,115,417	5.34%
Others	10,211,274	3.38%
Gross loans and advances to customers	301,624,305	100.00%

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(6) Loans and advances and allowances for impairment losses

	As at June 30, 2024			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortised cost	245,064,430	18,792,981	10,383,991	274,241,402
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(1,626,578)	(3,546,472)	(7,110,012)	(12,283,062)
Carrying amount of loans and advances to customers measured at amortised cost	243,437,852	15,246,509	3,273,979	261,958,340
Carrying amount of loans and advances to customers measured at FVOCI	41,076,598	–	–	41,076,598
Total carrying amount of loans and advances to customers	284,514,450	15,246,509	3,273,979	303,034,938

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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortised cost	240,652,673	14,573,006	8,042,356	263,268,035
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(1,686,786)	(2,359,034)	(5,634,371)	(9,680,191)
Carrying amount of loans and advances to customers measured at amortised cost	238,965,887	12,213,972	2,407,985	253,587,844
Carrying amount of loans and advances to customers measured at FVOCI	39,822,395	–	–	39,822,395
Total carrying amount of loans and advances to customers	278,788,282	12,213,972	2,407,985	293,410,239

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For the six months ended June 30, 2024 – unaudited
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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(7) Analysis of movements of the allowances for impairment losses on loans and advances to customers are as follows:

(i) **Loans and advances to customers at amortised cost**

	Six months ended June 30, 2024			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2024	1,686,786	2,359,034	5,634,371	9,680,191
Transferred:				
– to 12-month ECL	110,887	(56,791)	(54,096)	–
– to lifetime ECL not credit-impaired	(43,704)	51,935	(8,231)	–
– to lifetime ECL credit-impaired	(7,707)	(466,420)	474,127	–
(Released)/charged for the period	(119,684)	1,658,714	2,030,629	3,569,659
Write-offs	–	–	(1,006,672)	(1,006,672)
Transfer out	–	–	(21,330)	(21,330)
Recoveries	–	–	61,214	61,214
As at June 30, 2024	1,626,578	3,546,472	7,110,012	12,283,062

	Year ended December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	2,163,268	1,684,588	4,913,876	8,761,732
Transferred:				
– to 12-month ECL	136,498	(118,877)	(17,621)	–
– to lifetime ECL not credit-impaired	(71,217)	87,672	(16,455)	–
– to lifetime ECL credit-impaired	(17,043)	(475,568)	492,611	–
(Released)/charged for the year	(524,720)	1,181,219	4,158,362	4,814,861
Write-offs	–	–	(3,517,476)	(3,517,476)
Transfer out	–	–	(628,887)	(628,887)
Recoveries	–	–	249,961	249,961
As at December 31, 2023	1,686,786	2,359,034	5,634,371	9,680,191

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For the six months ended June 30, 2024 – unaudited
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18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(7) Analysis of movements of the allowances for impairment losses on loans and advances to customers are as follows: (Continued)

(ii) **Loans and advances to customers at FVOCI**

	Six months ended June 30, 2024			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2024	26,796	–	–	26,796
Released for the period	(10,867)	–	–	(10,867)
As at June 30, 2024	15,929	–	–	15,929

	Year ended December 31, 2023			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2023	21,710	–	–	21,710
Charged for the year	5,086	–	–	5,086
As at December 31, 2023	26,796	–	–	26,796

Allowances for impairment losses on loans and advances to customers measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
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19 FINANCIAL INVESTMENTS

	NOTE	June 30, 2024	December 31, 2023
Financial investments measured at FVTPL	(1)	22,251,214	27,956,580
Financial investments measured at FVOCI	(2)	50,850,573	41,226,640
Financial investments measured at amortised cost	(3)	67,865,557	76,765,649
Total		140,967,344	145,948,869

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

	June 30, 2024	December 31, 2023
Debt securities issued by:		
Corporations	3,818,187	3,672,707
Policy banks	1,909,685	3,026,295
Commercial banks	–	350,907
Subtotal	5,727,872	7,049,909
Equity investments	1,614,729	1,570,685
Funds and other investments:		
Fund Investments	10,329,929	13,604,007
Trust beneficiary rights and asset management plans	1,873,498	2,036,958
Others	2,705,186	3,695,021
Subtotal	14,908,613	19,335,986
Total	22,251,214	27,956,580
Listed	1,200,816	901,460
Unlisted	21,050,398	27,055,120
Total	22,251,214	27,956,580

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (Continued)

(2) Financial investments at fair value through other comprehensive income

	June 30, 2024	December 31, 2023
Debt securities issued by:		
Government	25,633,237	26,728,096
Policy banks	22,869,144	8,558,701
Corporations	1,828,218	2,352,167
Commercial banks	–	3,073,892
Subtotal	50,330,599	40,712,856
Accrued interest	519,974	513,784
Total	50,850,573	41,226,640
Listed	26,269,810	27,561,588
Unlisted	24,580,763	13,665,052
Total	50,850,573	41,226,640

	As at June 30, 2024			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at June 30, 2024	50,850,573	–	–	50,850,573

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at December 31, 2023	41,226,640	–	–	41,226,640

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For the six months ended June 30, 2024 – unaudited
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19 FINANCIAL INVESTMENTS (Continued)

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

Movements of the allowances for impairment losses on financial investments measured at FVOCI are as follows:

	Six months ended June 30, 2024			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2024	6,775	–	–	6,775
Released for the period	(977)	–	–	(977)
As at June 30, 2024	5,798	–	–	5,798

	Year ended December 31, 2023			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	8,664	–	–	8,664
Released for the year	(1,889)	–	–	(1,889)
As at December 31, 2023	6,775	–	–	6,775

Allowances for impairment losses on financial investments measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
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19 FINANCIAL INVESTMENTS (Continued)

(3) Financial investments measured at amortised cost

	June 30, 2024	December 31, 2023
Debt securities issued by:		
Government	34,351,317	35,781,580
Policy banks	12,894,524	17,116,378
Corporations	6,564,741	7,217,412
Non-public project bonds	1,123,964	1,810,911
Asset backed medium-term notes	75,364	68,500
Subtotal	55,009,910	61,994,781
Trust beneficiary rights and asset management plans and others	15,464,920	17,054,419
Accrued interest	2,154,323	2,394,208
Allowances for impairment losses	(4,763,596)	(4,677,759)
Total	67,865,557	76,765,649
Listed	35,406,479	37,396,276
Unlisted	32,459,078	39,369,373
Total	67,865,557	76,765,649

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (Continued)

(3) Financial investments measured at amortised cost (Continued)

	As at June 30, 2024			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Financial investments measured at amortised cost	56,990,960	6,822,719	8,815,474	72,629,153
Allowances for impairment losses	(100,287)	(709,442)	(3,953,867)	(4,763,596)
As at June 30, 2024	56,890,673	6,113,277	4,861,607	67,865,557

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Financial investments measured at amortised cost	67,622,178	5,295,090	8,526,140	81,443,408
Allowances for impairment losses	(47,771)	(884,901)	(3,745,087)	(4,677,759)
As at December 31, 2023	67,574,407	4,410,189	4,781,053	76,765,649

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (Continued)

(3) Financial investments measured at amortised cost (Continued)

Movements of the allowances for impairment losses on financial investments measured at amortised cost are as follows:

	Six months ended June 30, 2024			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2024	47,771	884,901	3,745,087	4,677,759
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(6,321)	6,321	–	–
– to lifetime ECL credit-impaired	–	(38,839)	38,839	–
Charged/(released) for the period	58,837	(142,941)	167,336	83,232
Recoveries	–	–	2,605	2,605
As at June 30, 2024	100,287	709,442	3,953,867	4,763,596

	Year ended December 31, 2023			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	120,204	675,554	3,654,055	4,449,813
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(1,678)	1,678	–	–
– to lifetime ECL credit-impaired	(18,455)	(80,060)	98,515	–
(Released)/charged for the year	(52,300)	287,729	1,063,593	1,299,022
Write-offs	–	–	(656,123)	(656,123)
Transfer out	–	–	(595,000)	(595,000)
Recoveries	–	–	180,047	180,047
As at December 31, 2023	47,771	884,901	3,745,087	4,677,759

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024 – unaudited
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20 INTEREST IN ASSOCIATES

	June 30, 2024	December 31, 2023
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	62,342	58,931
Total	145,382	141,971

Details of the Bank's associates as at June 30, 2024 and December 31, 2023 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at June 30, 2024 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activity
				As at June 30, 2024 %	As at December 31, 2023 %	As at June 30, 2024 %	As at December 31, 2023 %	
Zhongshan Xiaolan County Bank Co., Ltd. (i)	Guangdong, PRC	December 2008	250,000	25.00	25.00	25.00	25.00	Commercial bank
Guixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	December 2011	99,500	20.64	20.64	25.62	25.62	Commercial bank

- (i) The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.
- (ii) The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for using equity method as the Group continued to have significant influence over it after the deemed disposal.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

21 PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
COST							
As at January 1, 2023	3,011,824	447,514	15,662	186,806	281,124	449,933	4,392,863
Additions	7,195	48,784	2,334	13,747	44,745	949,806	1,066,611
Transfers from/(out of) construction in progress	165,058	22,221	–	10,223	7,452	(206,252)	(1,298)
Disposals	(6,531)	(11,861)	(1,477)	(16,073)	(44,398)	–	(80,340)
As at December 31, 2023	3,177,546	506,658	16,519	194,703	288,923	1,193,487	5,377,836
Additions	2,726	4,990	–	4,203	43,904	20,903	76,726
Transfers from/(out of) construction in progress	16,014	4,981	–	18,223	4,541	(54,839)	(11,080)
Disposals	(453)	(5,983)	–	(2,796)	(7,911)	–	(17,143)
As at June 30, 2024	3,195,833	510,646	16,519	214,333	329,457	1,159,551	5,426,339
ACCUMULATED DEPRECIATION							
As at January 1, 2023	(838,536)	(381,887)	(12,372)	(149,790)	(142,573)	–	(1,525,158)
Charged for the year	(146,982)	(48,702)	(1,131)	(14,260)	(64,154)	–	(275,229)
Disposals	3,032	8,025	1,432	12,617	42,916	–	68,022
As at December 31, 2023	(982,486)	(422,564)	(12,071)	(151,433)	(163,811)	–	(1,732,365)
Charged for the period	(76,223)	(23,086)	(666)	(11,498)	(38,164)	–	(149,637)
Disposals	433	5,809	–	2,698	5,541	–	14,481
As at June 30, 2024	(1,058,276)	(439,841)	(12,737)	(160,233)	(196,434)	–	(1,867,521)
NET BOOK VALUE							
As at December 31, 2023	2,195,060	84,094	4,448	43,270	125,112	1,193,487	3,645,471
As at June 30, 2024	2,137,557	70,805	3,782	54,100	133,023	1,159,551	3,558,818

As at June 30, 2024, there are no premises of the Group with incomplete title deeds. (December 31, 2023: Nil).

As at June 30, 2024, leasehold land and premises of the Group with net book value amounting to RMB202.86 million were rented out to third parties as investment properties. (December 31, 2023: Nil).

The net book value of investment properties is analysed by the remaining terms of the land leases as follows:

	June 30, 2024	December 31, 2023
Held in mainland China 10 – 50 years	202,857	–

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22 RIGHT-OF-USE ASSETS

The Group as a lessee

	Total
COST	
As at January 1, 2023	710,690
Additions	101,962
Disposals	(190,805)
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As at December 31, 2023	621,847
Additions	34,741
Disposals	(24,476)
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As at June 30, 2024	632,112
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ACCUMULATED DEPRECIATION	
As at January 1, 2023	(412,603)
Charged for the year	(107,855)
Disposals	187,623
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As at December 31, 2023	(332,835)
Charged for the period	(52,757)
Disposals	23,156
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As at June 30, 2024	(362,436)
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NET BOOK VALUE	
As at December 31, 2023	289,012
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As at June 30, 2024	269,676
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The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at June 30, 2024, the Group had entered into RMB0.49 million leases that have not yet commenced (December 31, 2023: RMB3.22 million).

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23 DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	June 30, 2024	December 31, 2023
Deferred tax assets	4,682,686	4,520,103
Deferred tax liabilities	(7,246)	–
Total	4,675,440	4,520,103

- (1) Deferred tax assets/(liabilities) and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

	As at June 30, 2024		As at December 31, 2023	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Allowance for impairment losses	19,945,564	4,986,391	18,113,188	4,528,297
Accrued salaries, bonuses and allowances	430,220	107,555	494,356	123,589
Lease liabilities	276,416	69,104	291,828	72,957
Others	336,008	84,002	281,364	70,341
Sub-total	20,988,208	5,247,052	19,180,736	4,795,184
Deferred tax liabilities:				
Fair value changes of financial instruments	(1,923,688)	(480,922)	(710,920)	(177,730)
Right-of-use assets	(258,308)	(64,577)	(275,012)	(68,753)
Others	(104,452)	(26,113)	(114,392)	(28,598)
Sub-total	(2,286,448)	(571,612)	(1,100,324)	(275,081)
Total	18,701,760	4,675,440	18,080,412	4,520,103

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23 DEFERRED TAX ASSETS/LIABILITIES (Continued)

- (2) The following are the movements and major deferred tax assets and liabilities recognised:

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial instruments	Others	Total
As at January 1, 2024	4,528,297	123,589	(177,730)	45,947	4,520,103
Recognised in profit or loss	455,133	(16,034)	(46,017)	16,469	409,551
Recognised in other comprehensive income	2,961	-	(257,175)	-	(254,214)
As at June 30, 2024	4,986,391	107,555	(480,922)	62,416	4,675,440

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial instruments	Others	Total
As at January 1, 2023	4,649,441	94,153	(12,151)	98,826	4,830,269
Recognised in profit or loss	(120,345)	29,436	(12,658)	(52,879)	(156,446)
Recognised in other comprehensive income	(799)	-	(152,921)	-	(153,720)
As at December 31, 2023	4,528,297	123,589	(177,730)	45,947	4,520,103

Notes to the Consolidated Financial Statements

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24 OTHER ASSETS

	NOTE	June 30, 2024	December 31, 2023
Repossessed assets	(1)	2,372,779	2,448,754
Land use rights		1,843,804	1,868,853
Settlement and clearing accounts		1,233,238	1,165,739
Interests receivable	(2)	787,379	679,068
Intangible assets		211,940	243,878
Prepayments for projects		193,053	179,223
Research and development expenditure		125,382	84,214
Deferred expenses		90,609	34,393
Others		256,125	265,032
Subtotal		7,114,309	6,969,154
Allowances for impairment losses		(1,072,798)	(1,019,099)
Total		6,041,511	5,950,055

(1) Repossessed assets

	June 30, 2024	December 31, 2023
Land use rights and buildings	2,372,779	2,448,754
Allowances for impairment losses	(368,239)	(384,888)
Net repossessed assets	2,004,540	2,063,866

(2) Interests receivable

	June 30, 2024	December 31, 2023
Interests receivable arising from:		
Financial investments	638,558	583,689
Loans and advances to customers	148,821	95,379
Subtotal	787,379	679,068
Allowances for impairment losses	(375,103)	(334,239)
Total	412,276	344,829

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25 BORROWINGS FROM THE CENTRAL BANK

	June 30, 2024	December 31, 2023
Borrowings from the central bank	25,454,842	27,911,114
Accrued interest	176,877	195,491
Total	25,631,719	28,106,605

Note: Borrowings from the central bank mainly include Re-lending to small business and Medium-term lending facility.

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2024	December 31, 2023
Banks in mainland China	4,303,951	4,712,789
Other financial institutions in mainland China	1,464,326	8,308,796
Subtotal	5,768,277	13,021,585
Accrued interest	7,927	67,107
Total	5,776,204	13,088,692

27 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2024	December 31, 2023
Banks in mainland China	2,400,000	4,305,399
Banks outside mainland China	983,499	276,225
Subtotal	3,383,499	4,581,624
Accrued interest	5,083	10,432
Total	3,388,582	4,592,056

Notes to the Consolidated Financial Statements

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28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analysed by type and location of counterparty

	June 30, 2024	December 31, 2023
Banks in mainland China	13,929,267	4,901,433
Other financial institutions in mainland China	45,000	68,000
Subtotal	13,974,267	4,969,433
Accrued interest	2,303	909
Total	13,976,570	4,970,342

(2) Analysed by type of collateral

	June 30, 2024	December 31, 2023
Bonds	7,677,026	3,466,139
Bills	6,297,241	1,503,294
Subtotal	13,974,267	4,969,433
Accrued interest	2,303	909
Total	13,976,570	4,970,342

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29 CUSTOMER DEPOSITS

	NOTE	June 30, 2024	December 31, 2023
Demand deposits			
Corporate customers		83,273,455	103,392,592
Individual customers		25,109,245	26,711,829
Subtotal		108,382,700	130,104,421
Time deposits			
Corporate customers		58,387,892	56,847,024
Individual customers		155,407,570	137,877,797
Subtotal		213,795,462	194,724,821
Pledged deposits	(1)	32,260,308	33,335,760
Convertible negotiated deposits	(2)	2,000,000	2,000,000
Others		35,225	107,505
Accrued interest		8,573,569	10,460,541
Total		365,047,264	370,733,048

(1) Pledged deposits analysed by products for which deposit is required

	June 30, 2024	December 31, 2023
Bank acceptances	22,388,819	20,703,866
Letters of credit	4,591,035	4,139,390
Guarantees and letters of guarantees	1,145,305	1,922,520
Others	4,135,149	6,569,984
Total	32,260,308	33,335,760

(2) Convertible negotiated deposits

On April 30, 2021, after obtaining the proceeds from issuance of Local Government Special Debt by Jiangxi Provincial Department of Finance, Jiujiang Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened in the Bank. With the consent of Jiujiang Finance Bureau, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by The Stock Exchange of Hong Kong Limited, Jiujiang Finance Bureau shall convert the negotiated deposits into Ordinary Shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the Bank shall repay the principal and interest upon the 10-year maturity of the convertible negotiated deposits.

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29 CUSTOMER DEPOSITS (Continued)

(2) Convertible negotiated deposits (Continued)

During the term of the convertible negotiated deposits, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter by the fifteenth day of the first month of each quarter to Jiujiang Finance Bureau. When the core tier-one capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Jiujiang Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

30 DEBT SECURITIES ISSUED

	NOTE	June 30, 2024	December 31, 2023
Interbank negotiable certificates of deposit	(1)	38,288,921	37,182,718

Note:

- (1) As at June 30, 2024, the Bank had 148 outstanding interbank negotiable certificates of deposit with total notional amount of RMB38.49 billion. As at December 31, 2023, the Bank had 159 outstanding interbank negotiable certificates of deposit with total notional amount of RMB37.64 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid-in lump sum at the maturity date.

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31 LEASE LIABILITIES

	June 30, 2024	December 31, 2023
Lease liabilities payable:		
Within one year	93,980	98,298
Within a period of more than one year but not more than two years	66,382	68,409
Within a period of more than two years but not more than five years	93,996	104,896
Within a period of more than five years	33,120	33,876
Total	287,478	305,479

32 OTHER LIABILITIES

	NOTE	June 30, 2024	December 31, 2023
Salaries payable	(1)	1,237,780	1,565,152
Other tax payables		188,079	257,702
Settlement and clearing accounts		376,707	229,900
Payables to external companies		203,031	207,030
Dividends payable		179,176	7,421
Others		1,147,854	1,125,333
Total		3,332,627	3,392,538

(1) Salaries payable

	June 30, 2024	December 31, 2023
Salaries, bonuses and allowances	1,186,873	1,489,366
Social insurance and supplementary retirement benefits	45,085	71,161
Employee education expenses and labour union expenses	5,042	2,771
Housing fund	442	788
Staff welfares	338	1,066
Total	1,237,780	1,565,152

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33 SHARE CAPITAL

Share capital of the Group as at June 30, 2024 and December 31, 2023 represented share capital of the Bank, which was fully paid.

	June 30, 2024	December 31, 2023
Ordinary shares in Mainland China	2,365,000	2,365,000
Ordinary shares listed in Hong Kong (H-share)	482,367	482,367
Total	2,847,367	2,847,367

On July 26, 2023, the Bank completed the issuance of 75,000,000 H-shares with a par value of RMB1.00 at an offering price of HKD9.79 per share. On September 19, 2023, the Bank completed the issuance of 365,000,000 domestic shares with a par value of RMB1.00 at an offering price of RMB8.93 per domestic share. After issuances of H-shares and domestic shares, the registered capital and share capital of the Bank increased to RMB2,847.37 million. The capital contributions were verified by KPMG Huazhen LLP. The net proceeds of the issuances raised were RMB3,926.79 million, of which the share capital was RMB440.00 million and the share premium was RMB3,486.79 million.

All the above H-shares have been listed on The Stock Exchange of Hong Kong Limited. The H-shares rank pari passu in all respects with the existing ordinary shares in Mainland China including the right to receive all dividends and distributions declared or made.

34 OTHER EQUITY INSTRUMENTS

(1) Perpetual Bonds

	Issued date	Accounting classification	Initial interest rate	Issued price (RMB)	Issued number of shares (million)	Issued nominal value (million)	Expiry date	Conversion conditions	Conversion
Perpetual Bonds (first tranche)	February 9, 2021	Equity instruments	4.80%	100	30.00	3,000.00	No maturity date	none	none
Perpetual Bonds (second tranche)	April 15, 2021	Equity instruments	4.80%	100	40.00	4,000.00	No maturity date	none	none
Less: Issuance fee (first tranche)						(1.14)			
Less: Issuance fee (second tranche)						(1.02)			
Book value						6,997.84			

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34 OTHER EQUITY INSTRUMENTS (Continued)

(2) Main terms of Perpetual Bonds

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiujiang Bank's Issuance of undated tier 1 capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 363) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 17), the Bank issued a total of RMB3 billion (first tranche) and RMB4 billion (second tranche) undated tier 1 capital bonds in the national interbank bond market on February 9, 2021 and April 15, 2021, respectively. The unit par value of the bond (including the first and second tranches, the bonds below are synonymous) is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

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

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

After deducting the issuance expenses, the Bonds will be used to replenish the other tier 1 capital of the issuer in accordance with applicable laws and the approval of the competent authorities.

(3) Changes of Perpetual Bonds

	Balance as at January 1, 2024		Increase in this period		Decrease in this period		Balance as at June 30, 2024	
	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)
Perpetual Bonds	70.00	6,997.84	-	-	-	-	70.00	6,997.84

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35 RESERVES

	NOTE	June 30, 2024	December 31, 2023
Share premium	(1)	11,639,129	11,639,129
Investment revaluation reserve	(2)	1,270,608	516,903
Surplus reserve	(3)	4,615,043	4,615,043
General reserve	(4)	5,525,566	5,525,566
Retained earnings		8,061,646	8,014,631
Total		31,111,992	30,311,272

(1) Share premium

	NOTE	June 30, 2024	December 31, 2023
As at January 1		11,639,129	8,152,338
Issuance of H-shares	33	–	594,416
Issuance of domestic shares	33	–	2,892,375
At the end of the reporting period		11,639,129	11,639,129

(2) Investment revaluation reserve

	June 30, 2024	December 31, 2023
As at January 1	516,903	61,721
Changes in fair value recognised in other comprehensive income	1,021,545	573,686
Transfer to profit or loss upon disposal	(4,763)	30,048
Changes in impairment losses recognised in other comprehensive income	(11,842)	3,175
Deferred income tax	(251,235)	(151,727)
At the end of the reporting period	1,270,608	516,903

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35 RESERVES (Continued)

(3) Surplus reserve

Pursuant to the Company Law of PRC, corporation is required to transfer 10% of its net profit, determined under the relevant accounting rules in the PRC, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its net profit for the year to a discretionary surplus reserve upon approval by the shareholders in General Meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2023	2,097,792	2,363,097	4,460,889
Appropriation during the year	–	154,154	154,154
As at December 31, 2023	2,097,792	2,517,251	4,615,043
Appropriation during the period	–	–	–
As at June 30, 2024	2,097,792	2,517,251	4,615,043

(4) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.50% of the aggregate amount of risk assets as defined by the above measures. The balance of the general reserve amounted to RMB5,525.57 million as at June 30, 2024 (December 31, 2023: RMB5,525.57 million).

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36 PROFIT DISTRIBUTION

(1) Distribution of dividend on ordinary shares

A final dividend of RMB6 cents per share (tax inclusive) in respect of the year ended December 31, 2023 amounting in a total of RMB170.84 million was proposed by the Board of Directors of the Bank and approved by the 2023 Annual General Meeting of the Bank on June 28, 2024.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2022 amounting in a total of RMB240.74 million was proposed by the Board of Directors of the Bank and approved by the 2022 Annual General Meeting of the Bank on June 29, 2023.

(2) Distribution of interest on perpetual bonds

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144.00 million in total was declared on February 7, 2024 and distributed on February 9, 2024.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192.00 million in total was declared on April 11, 2024 and distributed on April 15, 2024.

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144.00 million in total was declared on February 6, 2023 and distributed on February 9, 2023.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192.00 million in total was declared on April 12, 2023 and distributed on April 15, 2023.

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37 CASH AND CASH EQUIVALENTS

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

	June 30, 2024	December 31, 2023
Cash	431,715	608,548
Balances with the central bank	7,026,981	7,811,996
Deposits with banks and other financial institutions	3,996,199	1,590,547
Placements with banks and other financial institutions	–	70,827
Financial assets held under resale agreements	3,273,093	14,149,006
Financial investments measured at FVTPL	3,088,242	6,592,285
Total	17,816,230	30,823,209

(1) Net decrease in cash and cash equivalents

	Six months ended June 30,	
	2024	2023
Cash and cash equivalents as at June 30	17,816,230	18,729,846
Less: Cash and cash equivalents as at January 1	(30,823,209)	(18,861,838)
Less: Effect of foreign exchange rate changes	(9,261)	(34,143)
Net decrease in cash and cash equivalents as at June 30	(13,016,240)	(166,135)

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38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	As at January 1, 2024	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at June 30, 2024
Interbank negotiable certificates of deposit	37,182,718	633,792	472,411	-	38,288,921
Dividends payable	7,421	(337,875)	509,630	-	179,176
Lease liabilities	305,479	(58,135)	5,393	34,741	287,478
Total	37,495,618	237,782	987,434	34,741	38,755,575

	As at January 1, 2023	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at December 31, 2023
Bonds	3,111,613	(3,169,350)	57,737	-	-
Interbank negotiable certificates of deposit	25,688,112	10,887,288	607,318	-	37,182,718
Dividends payable	6,666	(592,383)	593,138	-	7,421
Lease liabilities	328,144	(136,853)	12,226	101,962	305,479
Total	29,134,535	6,988,702	1,270,419	101,962	37,495,618

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39 STRUCTURED ENTITIES

(1) Consolidated structured entities managed by third party institutions in which the Group holds interests

Structured entities consolidated by the Group include fund investments. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

As at June 30, 2024 and December 31, 2023, structured entities included in the consolidation scope by the Group were RMB5,373 million and RMB5,240 million, and were under "financial investments measured at FVTPL" on the balance sheet.

(2) Unconsolidated structured entities managed by third party institutions in which the Group holds interests

The Group holds an interest in structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include fund investments, trust beneficiary rights and asset management plans, asset backed medium-term notes.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2024 and December 31, 2023 in the structured entities sponsored and managed by third party institutions.

	As at June 30, 2024			Total	Maximum risk exposure (Note)
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost		
Fund investments	10,329,929	-	-	10,329,929	10,329,929
Trust beneficiary rights and asset management plans	1,873,498	-	10,199,884	12,073,382	12,073,382
Asset backed medium-term notes	-	-	76,410	76,410	76,410
Total	12,203,427	-	10,276,294	22,479,721	22,479,721

	As at December 31, 2023			Total	Maximum risk exposure (Note)
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost		
Fund investments	13,604,007	-	-	13,604,007	13,604,007
Trust beneficiary rights and asset management plans	2,036,958	-	10,325,090	12,362,048	12,362,048
Asset backed medium-term notes	-	-	68,621	68,621	68,621
Total	15,640,965	-	10,393,711	26,034,676	26,034,676

The maximum exposures to loss in the above investment products are the carrying amounts of the assets held by the Group at the end of each reporting period.

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39 STRUCTURED ENTITIES (Continued)

(3) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Group mainly include wealth management products. The purpose of managing these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Group includes fees charged by providing management services to these structured entities.

As at June 30, 2024 and December 31, 2023, the amount of assets held by the unconsolidated wealth management products managed by the Group amounting to RMB39,724 million and RMB39,896 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the six months ended June 30, 2024 and June 30, 2023 amounted to RMB113 million and RMB76 million, respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during both years.

40 RELATED PARTY TRANSACTIONS

(1) Major shareholders and entities under their control

Following major shareholders held more than 5% interest of the Bank or appointed the director or supervisor are considered as related parties of the Group:

Name of shareholders	Percentage of shares held	
	June 30, 2024	December 31, 2023
Jiujiang Finance Bureau	12.85%	12.85%
Beijing Automotive Group Co., Ltd.	12.85%	12.85%
Industrial Bank Co., Ltd.	10.34%	10.34%
Fangda Carbon New Material Co., Ltd. (i)	4.78%	4.78%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (i)	3.37%	3.37%

(i) The shareholder held less than 5% interest of the Bank but appointed the director or supervisor is considered as the related party of the Group.

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40 RELATED PARTY TRANSACTIONS (Continued)

(1) Major shareholders and entities under their control (Continued)

Balances and transactions between the Group and the major shareholders and entities under their control are as follows:

During the six months ended June 30, 2024 and the year ended December 31, 2023, the Group had the following material balances and entered into the following material transactions with major shareholders and entities 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.

	June 30, 2024	December 31, 2023
Balances at the end of the period/year:		
Assets		
Deposits with banks and other financial institutions	59,693	151,035
Loans and advances to customers at amortised cost	2,608,000	2,273,593
Financial investments at amortised cost (i)	585,759	658,252
Financial investments at FVTPL	26,006	25,885
Total	3,279,458	3,108,765
Liabilities		
Customer deposits	12,666,958	10,275,946
Placements from banks and other financial institutions	983,498	276,225
Deposits from banks and other financial institutions	8,617	1,942
Total	13,659,073	10,554,113
Off-balance sheet items:		
Guarantees and letters of guarantees	8,891	651,391
Letters of credit	953,500	1,099,000
Bank acceptances	760,325	227,000
Total	1,722,716	1,977,391
Wealth management products (ii)	294,535	921,347

(i) It represented the corporation bond purchased by the Group, which are issued by related parties of the Group.

(ii) It represented the wealth management product issued by the Group where the underlying asset is a bond, and the issuer is a related party of the Group.

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40 RELATED PARTY TRANSACTIONS (Continued)

(1) Major shareholders and entities under their control (Continued)

	Six months ended June 30,	
	2024	2023
Transactions during the period:		
Interest income	62,383	48,190
Interest expense	119,994	253,120
Net gains arising from financial investments	987	1,746
Fee and commission income	17,229	14,342

(2) Subsidiaries of the Bank

	June 30, 2024	December 31, 2023
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	3,937,305	3,371,301
Off-balance sheet items:		
Guarantees and letters of guarantees	472,070	516,100
	Six months ended June 30,	
	2024	2023
Transactions during the period:		
Interest expense	70,596	83,799
Dividend from subsidiaries	2,561	13,949

(3) Associates of the Bank

Details of the associates of the Bank are set out in Note 20.

	June 30, 2024	December 31, 2023
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	1,095,492	1,109,886
Off-balance sheet items:		
Guarantees and letters of guarantees	109,850	68,140
	Six months ended June 30,	
	2024	2023
Transactions during the period:		
Interest expense	10,402	11,650

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40 RELATED PARTY TRANSACTIONS (Continued)

(4) 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. 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.

Balances and transactions between the Group and other related parties are as follows:

	June 30, 2024	December 31, 2023
Balances at the end of the period/year:		
Asset		
Loans and advances to customers at amortised cost	7,680	5,937
Liability		
Customer deposits	23,756	13,888
	Six months ended June 30, 2024	2023
Transactions during the period:		
Interest income	169	109
Interest expense	44	15
Other income, gains or losses	626	–
Operating expenses	2,568	–

(5) Key management personnel

Key management personnel, including directors, supervisors and senior management team members, are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Group.

The remuneration of key management personnel during the reporting period were as follows:

	Six months ended June 30, 2024	2023
Salaries and other emoluments	2,240	2,790
Discretionary bonuses	3,365	3,430
Contributions by the employer to social insurance and staff welfares, housing fund, etc	553	636
Other welfare	19	24
Total	6,177	6,880

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41 CONTINGENT LIABILITIES AND COMMITMENTS

(1) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2024 and December 31, 2023, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision had been provided for any potential losses from these claims.

(2) Capital commitments

	June 30, 2024	December 31, 2023
Contracted but not provided for	208,991	239,252

(3) Credit commitments

	June 30, 2024	December 31, 2023
Acceptances	48,001,241	55,371,861
Guarantees and letters of guarantees	34,501,340	16,089,128
Letters of credit	19,866,951	19,857,253
Unused credit card commitments	6,235,854	12,956,203
Irrevocable loan commitments	25,175	80,500
Total	108,630,561	104,354,945

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantees.

(4) Credit risk weighted amounts of credit commitments

	June 30, 2024	December 31, 2023
Credit commitments	34,845,323	31,606,578

Credit risk weighted amounts refer to amounts which depend on the status of counterparties and the maturity characteristics, and are calculated in accordance with the NFRA guidance. Risk weightings used for contingent liabilities and credit commitments range from 0% to 100%.

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41 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(5) Collateral

Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreements by the Group are as follows:

	June 30, 2024	December 31, 2023
Bonds	8,118,000	3,598,000
Bills	6,300,690	1,503,666
Total	14,418,690	5,101,666

As at June 30, 2024 and December 31, 2023, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB13,977 million and RMB4,970 million respectively.

All repurchase agreements were due within twelve months from inception.

42 FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities that results in its holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the consolidated financial statements of the Group as they are not the Group's assets.

As at June 30, 2024 and December 31, 2023, the entrusted loans balance of the Group amounted to RMB8,352 million and RMB8,498 million respectively.

As at June 30, 2024 and December 31, 2023, the balance of the wealth management products issued and managed by the Group amounted to RMB39,724 million and RMB39,896 million respectively.

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43 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 NFRA. The capital of the Group is divided into core tier-one capital, other 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.

Since January 1, 2024, the Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations promulgated by the NFRA on October 26, 2023. Since 2024, the Group calculates its capital adequacy ratios in accordance with the consolidated statement caliber of banking regulation. During 2023, the Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the former CBIRC on June 7, 2012.

The NFRA requires commercial banks to meet the requirements of capital adequacy ratios by in accordance with "Regulation Governing Capital of Commercial Banks". For commercial banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 5.00%, 6.00% and 8.00%, respectively and capital conservation buffer requires additional 2.5% of Common Equity Tier-one Capital Adequacy Ratio.

Both the on-balance and off-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 as well as any eligible collateral or guarantees.

The Group has complied with the capital requirement set by the regulators. As at June 30, 2024, the ratios of core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 9.41%, 11.95% and 13.15% (December 31, 2023: 8.64%, 11.07% and 12.01%).

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44 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 practice.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks for the six-month period ended June 30, 2024 are the same as those presented in the Group's consolidated financial statements for the year ended December 31, 2023.

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45 FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorised and determined, in particular, the valuation technique(s) and input(s) used.

(1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Financial investments measured at FVTPL				
– Debt securities	–	5,727,872	–	5,727,872
– Fund investments	–	10,329,929	–	10,329,929
– Equity investments	437,189	–	1,177,540	1,614,729
– Trust beneficiary rights and asset management plans	–	–	1,873,498	1,873,498
– Others	–	–	2,705,186	2,705,186
Financial investments measured at FVOCI				
– Debt securities	–	50,850,573	–	50,850,573
Loans and advances to customers measured at FVOCI	–	41,076,598	–	41,076,598
Total	437,189	107,984,972	5,756,224	114,178,385

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45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Financial investments measured at FVTPL				
– Debt securities	–	7,049,909	–	7,049,909
– Fund investments	–	13,604,007	–	13,604,007
– Equity investments	409,246	–	1,161,439	1,570,685
– Trust beneficiary rights and asset management plans	–	–	2,036,958	2,036,958
– Others	–	–	3,695,021	3,695,021
Financial investments measured at FVOCI				
– Debt securities	–	41,226,640	–	41,226,640
Loans and advances to customers measured at FVOCI	–	39,822,395	–	39,822,395
Total	409,246	101,702,951	6,893,418	109,005,615

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2024 and the year ended December 31, 2023.

Financial assets at FVTPL and financial assets at FVOCI are stated at fair value by reference to the quoted market prices when available.

If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or other pricing models. For debt securities, the fair values of bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

For the investment funds, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market.

The fair value of loans and advances to customers at FVOCI are categorised as Level 2. Based on the different credit risk, the Group uses the Shanghai Interbank Offered Rate (“SHIBOR”) as the basis for calculating the fair value of discounted bills.

For Level 3 financial assets, the Group adopts the discounted cash flow method or other valuation methods to determine the fair value. The fair value of trust beneficiary rights and asset management plans and others type of financial assets is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity investments type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.

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For the six months ended June 30, 2024 – unaudited
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45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Financial investments measured at FVTPL
As at January 1, 2024	6,893,418
Total gains	
– In profit or loss	84,862
Transfers in	–
Disposals and settlement on maturity	(1,222,056)
As at June 30, 2024	5,756,224
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(6,576)

	Financial investments measured at FVTPL
As at January 1, 2023	9,313,429
Total gains	
– In profit or loss	292,930
Transfers in	388,205
Disposals and settlement on maturity	(3,101,146)
As at December 31, 2023	6,893,418
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(168,316)

During the six months ended June 30, 2024 and the year ended December 31, 2023, there were no significant transfers into or out of Level 3.

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45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- (1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

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

Financial assets	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2024	December 31, 2023		
Financial investments at FVTPL				
- Unlisted equity investments	1,177,540	1,161,439	Market approach. Fair value determined by reference to price to earnings ratio, etc of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio, etc, Discount for lack of marketability
- Trust beneficiary rights and asset management plans	1,873,498	2,036,958	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Other investments	2,705,186	3,695,021	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

- (2) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

	June 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	55,529,794	58,326,519	62,970,330	64,661,617
Financial liabilities				
Debt securities issued	38,288,921	38,324,514	37,182,718	37,193,935

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46 PARTICULARS OF SUBSIDIARIES

Details of the Bank's subsidiaries as at June 30, 2024 and December 31, 2023 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at June 30, 2024	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at June 30, 2024 %	As at December 31, 2023 %	As at June 30, 2024 %	As at December 31, 2023 %		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	56.85	56.85	Commercial Bank	Limited Liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial Bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (i)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	51.00	58.33	Commercial Bank	Limited Liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial Bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.65	53.65	Commercial Bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.30	53.30	Commercial Bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	April 2016	40,827	77.23	68.16	77.91	77.66	Commercial Bank	Joint Stock Company

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46 PARTICULARS OF SUBSIDIARIES (Continued)

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorised/ paid-in capital as at June 30, 2024	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at June 30, 2024	As at December 31, 2023	As at June 30, 2024	As at December 31, 2023		
				%	%	%	%		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.40	54.40	Commercial Bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.80	54.80	Commercial Bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	50,898	71.22	71.22	76.25	76.25	Commercial Bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	53,090	72.00	72.00	76.33	76.33	Commercial Bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	December 2016	61,000	53.50	53.50	61.55	61.55	Commercial Bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial Bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial Bank	Joint Stock Company

None of the subsidiaries had issued any debt securities as at the end of the period/year.

- (i) The Bank holds no more than 50.00% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, the Bank has right to obtain variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) As at June 30, 2024, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the Group's activities and cash flows.

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47 SUBSEQUENT EVENTS

The Group has no material events for disclosure subsequent to the end of the reporting period.

48 COMPARATIVE FIGURES

For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.

49 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED JUNE 30, 2024

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended June 30, 2024, and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
Amendments to IAS 21, Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7, Amendments to the classification and measurement of financial instruments	January 1, 2026
IFRS 18, Presentation and disclosure in financial statements	January 1, 2027
IFRS 19, Subsidiaries without public accountability: disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Definition

In this interim report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, the version of which was considered and approved at the general meeting of the Bank and was approved by the Jiangxi Bureau of the National Financial Regulatory Administration on July 15, 2024, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board of Supervisors”	the board of Supervisors of the Bank
“Board” or “Board of Directors”	the board of Directors of the Bank
“CBIRC”	former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), currently the National Financial Regulatory Administration, and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“China” or “PRC”	the People’s Republic of China, for the purpose of this interim report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC
“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the national financial regulatory institution pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC” or “Company Law”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the Standing Committee of the 8th National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“county bank(s)”	banking institution(s) incorporated with the approval of the national financial regulatory institution, pursuant to the Company Law of the PRC and the PRC Commercial Banking Law, to provide services to local growers or enterprises in rural areas

Definition

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“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 fully paid in RMB
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as of June 30, 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“National Financial Regulatory Administration”	a subordinated institution under the State Council and established based on China Banking and Insurance Regulatory Commission
“national financial regulatory institution”	the National Financial Regulatory Administration and (or) its local offices, and if the context requires, includes its predecessor China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and (or) its local offices
“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions promulgated by the former CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS

Definition

“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions promulgated by the former CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	six months from January 1, 2024 to June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“treasury shares”	has the meaning ascribed to it under the Listing Rules