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Bank of Jiujiang Co., Ltd.*
九江银行股份有限公司*

(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 30 JUNE 2019

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 30 June 2019 (the “**Interim Results**”). This Interim Results announcement contains the full text of the interim report of the Group for the six months ended 30 June 2019 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the International Financial Reporting Standards promulgated by the International Accounting Standards Board. The Interim Results have been reviewed by the Board and the audit committee of the Board.

This Interim Results announcement is published on the websites of the Bank (www.jjccb.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Group for the six months ended 30 June 2019 will be dispatched to shareholders of the Bank and will also be available at the abovementioned websites in due course.

By Order of the Board
Bank of Jiujiang Co., Ltd.*
Liu Xianting
Chairman

Jiangxi, the People's Republic of China
30 August 2019

As at the date of this announcement, the Board comprises Mr. Liu Xianting, Mr. Pan Ming and Ms. Cai Liping as executive directors, Mr. Zeng Huasheng, Mr. Zhang Jianyong, Mr. Li Jianbao and Mr. Yi Zhiqiang as non-executive directors, Mr. Chua Alvin Cheng-Hock, Ms. Gao Yuhui, Mr. Quan Ze and Mr. Yang Tao 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:

LIU Xianting (劉羨庭)

Authorized representatives:

PAN Ming (潘明), TONG Faping (童發平)

Board secretary:

TONG Faping (童發平)

Joint company secretaries:

TONG Faping (童發平), FOK Po Yi (霍寶兒)

H-share exchange:

The Stock Exchange of Hong Kong Limited

Stock short name:

BANK OF JIUJIANG

Stock code:

6190

Unified social credit code:

9136040070552834XQ

License number for financial business operations:

B0348H236040001

Registered address and office address:

No. 619, Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province, China (Postcode: 332000)

Principal business address in Hong Kong:

40/F, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong

Contact address:

Bank of Jiujiang Mansion, No. 619, Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province, China (Postcode: 332000)

Tel: +86 (792) 7783000-1101

Fax: +86 (792) 8325019

Email: lushan2@jjccb.com

Website: <http://www.jjccb.com>

PRC auditor:

Deloitte Touche Tohmatsu Certified Public Accountants LLP

International auditor:

Deloitte Touche Tohmatsu

PRC legal advisor:

Jiangxi Yangmingyang Law Firm (江西陽明陽律師事務所)

Hong Kong legal advisor:

Clifford Chance

Compliance advisor:

ABCI Capital Limited

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:

<http://www.hkexnews.hk>

2. About Us

Approved by Wuhan Branch of the central bank for establishment, Bank of Jiujiang Co., Ltd. (“Bank of Jiujiang” or the “Bank” or “our Bank” or “we”) 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 the Bank of Jiujiang Co., Ltd. On July 10, 2018, the Bank of Jiujiang was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6190).

Over the past 19 years, staffs of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured through great hardships in order to realize the achievements that Bank of Jiujiang has today. From a handful of branches to 266 outlets, we are now a renowned bank with total assets of over RMB350,000 million which also embodies the entrepreneurial spirit of Bank of Jiujiang – unity, integrity, perseverance and creativity.

Over the past 19 years, Bank of Jiujiang consistently optimized its shareholder structure and introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. According to the rankings published in 2019 by The Banker, a globally authoritative journal in the United Kingdom, Bank of Jiujiang was ranked 327th among banks worldwide, which is 45 places higher than the previous year. The Bank has also received numerous recognition including “National Advanced Grassroots Party Organization”, “National May Day Labour Award”, “Best National Small and Medium Commercial Bank” and “Exemplary Workplace for Talents in Jiangxi Province”.

As of June 30, 2019, Bank of Jiujiang had 3,805 employees (including Jiuyin County Banks) across the whole organization, among whom 99.66% have postgraduate degrees, among whom 396 have master’s degrees (or above). We operated our business through our operation department of head office in Jiujiang, 13 branches and 252 sub-branches, and established 20 county banks such as Zhongshan Xiaolan and Beijing Daxing. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of districts and cities within Jiangxi Province.

Bank of Jiujiang positions itself as a regional commercial bank rising in an area in the middle of Nanjing and Wuhan and with neighboring Guangzhou and Hefei on two sides, in a bid to be “Rooted in Jiujiang and Centered in Jiangxi Province, Spreading business across the country and Striding towards the world” and eventually forge a “gold cross” composed of the economic belts in the middle reach of Yangtze River and along the Beijing-Kowloon Railway. It has now grown into a financial brand name from Jiangxi, a headstream of China’s modern revolution.

Company Profile

3. Major awards in the first half of 2019

In January 2019, Wuhan Data Center of Bank of Jiujiang received the certification from an international authoritative, Uptime M&O (Management and Operation), and became the first city commercial bank to be awarded the certification in China. The Wuhan Data Center of Bank of Jiujiang also became the first large-scale and high-level data center in the region of Central China to obtain Uptime M&O certification.

On February 22, 2019, the National Association of Financial Market Institutional Investors announced the evaluation result of underwriting members (local banks type) participating in Class B debt financing instruments for non-financial enterprises in the lead underwriting business market, and Bank of Jiujiang is one of the 12 new Class B lead underwriters.

On February 28, 2019, in the “Top 100 China Banks Rankings of 2018” published by the China Banking Association, Bank of Jiujiang ranked 62nd in the China bank list, moved up 5 places from the previous year.

On March 26, 2019, the 2019 Inter-bank Local Currency Market Conference hosted by the China Foreign Exchange Trade System & National Interbank Funding Center was held in Changsha. After being awarded the 2016 and 2017 Active Dealer awards for its outstanding performance in the interbank RMB market, the Bank was awarded the 2018 Core Dealer award in the interbank RMB market and became one of the 50 core dealers in the country. This is the first time for the Bank to receive the honor.

On March 27, 2019, the Jiujiang Municipal Committee of the Chinese Communist Youth League awarded the honorary title of “2018 Outstanding Organization the China Communist Youth League Work in the City” to our Bank.

On March 27, 2019, the Bank was successfully listed on the 2019 Primary Dealer of Open Market Business List published by the PBOC (Open Market Business Announcement [2019] No.2). The Bank was the only legal person financial institution selected in Jiangxi Province, and also the first legal person financial institution which obtained the Primary Dealer of Open Market Business in Jiangxi Province.

In April 2019, China Banking Industry Financial Registration and Custody Center announced the 2018 National Banking Financial Information Registration Work Excellent Organization and Outstanding Person Assessment List. The Bank was awarded the “2018 National Banking Financial Information Registration Work Improvement Award”.

In May 2019, the Bank was awarded the “Promotion Special Award on QuickPass Mobile Payment Convenience Project of 2018”.

In June 2019, the Bank was awarded two prizes, namely “The Best Corporate Governance Award” and “The Highest Potential Listed Company” issued by the China Financial Market.

In July 2019, in the “Top 1,000 World Banks of 2019” rankings published by the Banker, a British journal, the Bank ranked 327th in the world bank list, which is 45 places higher than the previous year; and ranked 53rd in the China bank list, which is 11 places higher than the previous year.

Accounting Data and Key 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 unless otherwise stated.

	For the six months ended June 30, 2019	Change over the corresponding 2018 period of last year
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Results of operations		Rate of changes (%)
Net interest income	3,343.1	2,141.0 56.1
Net fee and commission income	143.5	138.0 4.0
Operating income	4,670.4	3,470.4 34.6
Operating expense	(1,173.8)	(1,015.3) 15.6
Impairment losses on credit assets	(2,172.5)	(1,154.8) 88.1
Profit before tax	1,330.9	1,309.2 1.7
Net profit	1,085.9	1,055.7 2.9
Net profit attributable to shareholders of the Bank	1,063.8	1,035.9 2.7
Calculated on a per share basis (RMB)		Rate of changes (%)
Net assets per share attributable to the Bank's shareholders	9.93	9.09 9.3
Earnings per share	0.44	0.52 (15.0)
Profitability indicators (%)		Changes
Return on average total assets ⁽¹⁾	0.65	0.75 (0.10)
Return on average equity ⁽²⁾	9.04	11.62 (2.58)
Net interest spread ⁽³⁾	2.43	2.21 0.22
Net interest margin ⁽⁴⁾	2.25	1.88 0.37
Net fee and commission income to operating income	3.07	3.98 (0.91)
Cost-to-income ratio ⁽⁵⁾	24.25	28.49 (4.23)

	As of June 30, 2019	As of December 31, 2018	Change over the end of last year
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Capital adequacy indicators⁽⁶⁾ (%)			Changes
Calculated under the Administrative Measures for the Capital of Commercial Banks			
Core tier-one capital adequacy ratio	8.62	8.90	(0.28)
Tier-one capital adequacy ratio	8.62	8.90	(0.28)
Capital adequacy ratio	11.11	11.55	(0.44)
Total equity to total assets	6.84	7.57	(0.73)
Asset quality indicators (%)			Changes
Non-performing loan ratio ⁽⁷⁾	1.97	1.99	(0.02)
General allowance ratio ⁽⁸⁾	163.35	169.69	(6.34)
Allowance to gross loan ratio ⁽⁹⁾	3.22	3.38	(0.16)
Other indicator (%)			Changes
Loan to deposit ratio	67.19	65.08	2.11
Volume indicator			Rate of changes (%)
Total assets	357,600.4	311,622.5	14.8
Including: Net loan products	156,275.9	137,148.2	13.9
Total liabilities	333,142.3	288,023.3	15.7
Including: Taking deposits	240,139.6	217,934.3	10.2
Share capital	2,407.4	2,407.4	0.0
Equity attributable to shareholders of the Bank	23,912.1	23,062.6	3.7
Non-controlling interests	546.0	536.6	1.8
Total equity	24,458.1	23,599.2	3.6

Accounting Data and Key Financial Indicator Highlights

Notes:

- (1) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.
- (2) Calculated by dividing net profit for the period by the average balance of total equity at the beginning and the end of the period.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (5) Calculated by dividing operating expenses, excluding business tax and surcharges, by operating income.
- (6) The Administrative Measures for the Capital of Commercial Banks (商業銀行資本管理辦法) promulgated by the CBIRC on June 7, 2012 and replaced by the Measures on the Administration of Capital Adequacy Ratios of Commercial Banks (商業銀行資本充足率管理辦法) effective on January 1, 2013.
- (7) Calculated by dividing total non-performing loans by gross loans to customers.
- (8) Calculated by dividing allowance for impairment losses on loans by total non-performing loans.
- (9) Calculated by dividing allowance for impairment losses on loans by gross loans to customers.

Management Discussion and Analysis

1. Historical economic and financial environment

In the first half of 2019, the global economy sustained the growing momentum on the whole, but the growth slowed with greater risk of downturn, while the number of uncertain and unstable factors increased substantially. With the backdrop of tense international trade climate, uncertain geopolitical situation and increased economic operation risks, international organizations have lowered their expectations for the annual growth of the global economy, putting the global economic recovery under pressure.

In the face of a complex international political and economic environment and the arduous domestic reform and development stability tasks in the first half of 2019, the economy of China was overall stable. Its economic performance remained in a reasonable range, and supply-side structural reforms and macro-policy counter-cyclical adjustments were gradually taking effect. China's Gross Domestic Product (GDP) exceeded RMB45.09 trillion in the first half of 2019, representing a growth of 6.3% year-over-year, which was in line with the expected target at the beginning of the year, continuing the generally steady, stable and positive development trend.

Jiangxi's economy took "stability" as foundation, "growth" as direction, "progression" as driving force and "good" as objective in the first half of 2019. The province's economy continued its steady development trend. The growth of major economic indicators was better than the expected and was higher than its target and continued to rank among the top in China. In the first half of 2019, the whole province achieved a total production value of RMB1,075.72 billion, representing a growth of 8.6% year-on-year, which was higher than the national GDP growth rate by 2.3 percentage points, ranking the first in Central China and fourth nationwide.

In the first half of 2019, People's Bank of China continued its stable monetary policy from last year, implemented counter-cyclical adjustment for its macroeconomic policies timely and appropriately, maintained a reasonably ample liquidity, made pre-adjustment and fine-tuning, stepped up financial support for the real economy (especially for the private sector and small-to-micro enterprises) and adhered to its structural deleveraging work. It prevented and resolved financial risks as it promoted high-quality development, conducted solid financial risk prevention and control in key areas to ensure a reasonably ample liquidity in the current banking system, a moderate growth in the scale of monetary credit and social financing as well as a smooth operation in the interest rate market.

Management Discussion and Analysis

In the first half of 2019, adhering to the general work principle of pursuing stability and growth, and with the purpose of serving the supply-side structural reforms, banking regulatory authorities focuses closely on key tasks including serving the real economy, preventing and controlling financial risks and deepening financial reforms. They pushed forward the transformation of the banking industry from high-speed growth to high-quality development, optimized continually the structure of the financial system, enhanced the quality and the efficiency of serving the real economy as well as solidly promoted the development of the inclusive finance. At the same time, it laid a solid foundation for the battle to prevent and resolve financial risks, continued to deeply rectify irregularities in the banking industry, and to resolutely prevent the occurrence of systematic financial risks.

2. Operational overview

The scale of operation recorded a steady expansion. As of June 30, 2019, the Bank's total assets amounted to RMB357,600 million, representing an increase of RMB45,978 million, or 14.8% as compared to the end of last year. Various deposits stood at RMB240,139 million, representing an increase of RMB22,205 million or 10.2% as compared to the end of last year. The daily average balance of various deposits amounted to RMB237,144 million, representing an increase of RMB49,259 million, or 26.2% as compared to the end of last year. Various loans stood at RMB161,340 million, representing an increase of RMB19,510 million or 13.8% as compared to the end of last year. Various investments amounted to RMB149,017 million, representing an increase of RMB27,590 million, or 22.7% as compared to the end of last year.

Regulatory indicators are in compliance with the requirements and are up to standard. As at June 30, 2019, the capital adequacy ratio of the Bank amounted to 11.11%, representing a decrease of 0.44 percentage point as compared to the end of last year. Non-performing loan ratio amounted to 1.97%, representing a decrease of 0.02 percentage point as compared to the end of last year. General allowance ratio amounted to 163.35%, liquidity ratio amounted to 66.97%, cost-to-income ratio amounted to 24.25%, the major regulatory indicators are all up to and above the regulatory requirements.

Operating efficiency continued to enhance. For the six months ended June 30, 2019, the Bank realized operating income of RMB4,670 million, representing an increase of RMB1,200 million, or 34.6% as compared to the same period of last year; total profit of RMB1,331 million, representing an increase of RMB22 million, or 1.7% as compared to the same period of last year. Net profit amounted to RMB1,086 million, representing an increase of RMB30 million, or 2.9% as compared to the same period of last year. Return on capital amounted to 9.04% and return on assets amounted to 0.65%.

The brand image has improved significantly. The Banker, a British journal, published the “Top 1,000 World Banks 2019” rankings, in which the Bank ranked 327th in the world bank list, which is 45 places higher than last year, and 53th in China bank list, which is 11 places higher than last year. At the same time, the Bank also obtained the qualification of a Primary Dealer in Open Market Business and a class B bond underwriter, with the rating being upgraded to AAA and the brand image being further enhanced.

3. Income statement analysis

For the six months ended June 30, 2019, the Bank achieved a pre-tax profit of RMB1,331 million, representing a year-on-year increase of 1.7%; a net profit of RMB1,086 million, representing a year-on-year increase of 2.9%.

	For the six months ended June 30,			
	2019	2018	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income	7,323.6	5,562.6	1,761.0	31.7
Interest expense	(3,980.5)	(3,421.6)	(558.9)	16.3
Net interest income	3,343.1	2,141.0	1,202.1	56.1
Fee and commission income	276.4	215.9	60.5	28.0
Fee and commission expense	(132.9)	(77.9)	(55.0)	70.6
Net fee and commission income	143.5	138.0	5.5	4.0
Net gains/(losses) on investment securities	1,193.9	1,208.0	(14.1)	(1.2)
Other income, gains or losses	(10.1)	(16.6)	6.5	(39.4)
Operating income	4,670.4	3,470.4	1,200.0	34.6
Operating expense	(1,173.8)	(1,015.3)	(158.5)	15.6
Impairment losses on credit assets	(2,172.5)	(1,154.8)	(1,017.7)	88.1
Share of profit of associates	6.8	8.9	(2.1)	(24.2)
Profit before tax	1,330.9	1,309.2	21.7	1.7
Income tax expense	(245.0)	(253.5)	8.5	(3.3)
Net profit for the year	1,085.9	1,055.7	30.2	2.9
Net profit attributable to shareholders of the Bank	1,063.8	1,035.7	27.9	2.7
Non-controlling interests	22.1	20.0	2.1	10.6

Management Discussion and Analysis

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

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average yield of interest-earning assets and the average cost ratio of interest-bearing liabilities for six months ended June 30, 2018 and June 30, 2019. To maintain the comparability of important financial indicators in the two periods, the Bank has presented and disclosed relevant requirements pursuant to IFRS 9 and IAS 1 “Presentation of Financial Statements”. The income-earning assets and interest income indicated in the following table do not include financial assets and the corresponding earnings measured at fair value through profit or loss.

	For the six months ended June 30,					
	2019			2018		
	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Interest-earning assets						
Loans and advances to customers	150,403.9	4,296.8	5.71	104,025.0	3,012.6	5.79
Investments in securities and other financial assets ⁽²⁾	89,155.1	2,339.1	5.25	71,218.4	1,827.2	5.13
Financial assets held under resale agreement	18,514.4	417.0	4.50	17,431.6	470.2	5.39
Balances with central bank ⁽³⁾	26,490.7	202.0	1.53	25,719.2	202.1	1.57
Amounts due from banks and other financial institutions ⁽⁴⁾	12,324.7	68.7	1.11	8,816.3	50.5	1.14
Total interest-earning assets	296,888.8	7,323.6	4.93	227,210.5	5,562.6	4.90
Interest-bearing liabilities						
Customers deposits	237,144.2	2,595.5	2.19	187,885.3	1,979.8	2.11
Deposits with banks and other financial institutions	17,476.0	308.1	3.53	13,657.2	290.1	4.25
Financial assets sold under repurchase agreements ⁽⁵⁾	17,811.3	204.8	2.30	11,781.1	176.6	3.00
Debt securities issued	42,826.2	831.3	3.88	40,594.7	966.0	4.76
Borrowing from central bank	3,768.1	40.8	2.16	786.6	9.1	2.31
Total interest-bearing liabilities	319,025.8	3,980.5	2.50	254,704.9	3,421.6	2.69
Net interest income⁽⁶⁾		3,343.1			2,141.0	
Net interest spread⁽⁷⁾		2.43			2.21	
Net interest margin⁽⁸⁾		2.25			1.88	

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the Bank's investment securities measured at amortized cost and at fair value through other comprehensive income.
- (3) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of tier-two capital bonds issued, interbank negotiable certificates of deposit and asset-backed securities.
- (6) The adjusted interest income, net interest income, net interest spread and net interest margin for the six months ended June 30, 2018 are calculated in compliance with the relevant requirements according to the IFRS 9 and IAS 1 "Presentation of Financial Statements" in order to maintain the comparability of significant financial indicators for the two periods.
- (7) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio 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 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 changes in scale and interest rates is included in interest rate changes.

Management Discussion and Analysis

For the six months ended June 30,
Change over the corresponding period of last year
Reasons of increase/(decrease)
Net increase/
Scale⁽¹⁾ Interest Rate⁽²⁾ decrease⁽³⁾
(All amounts expressed in millions of RMB except
percentages, unless otherwise stated)

Interest-earning assets			
Loans and advances to customers	1,343.2	(59.0)	1,284.2
Investments in securities and other financial assets	460.2	51.7	511.9
Financial assets held under resale agreement	29.2	(82.4)	(53.2)
Balances with central bank ⁽⁴⁾	6.0	(6.1)	(0.1)
Amounts due from banks and other financial institutions ⁽⁵⁾	20.1	(1.9)	18.2
Change in interest income	1,858.7	(97.7)	1,761.0
Interest-bearing liabilities			
Customers deposits	519.0	96.7	615.7
Deposits with banks and other financial institutions	81.2	(63.2)	18.0
Financial assets sold under repurchase agreements	90.4	(62.2)	28.2
Debt securities issued ⁽⁶⁾	53.1	(187.8)	(134.7)
Borrowing from central bank	34.4	(2.7)	31.7
Change in interest expense	778.1	(219.2)	558.9
Change in net interest income	1,080.6	121.5	1,202.1

Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/cost ratio of the previous period.
- (2) Represents the average yield/cost ratio of the reporting period deducting the average yield/cost ratio 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 primarily of mandatory reserve deposits and surplus reserve deposits.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of tier-two capital bonds issued, interbank negotiable certificates of deposit and asset-backed securities.

3.2 Interest income

For the six months ended June 30, 2019, the Bank achieved an interest income of RMB7,324 million, representing an increase of RMB1,761 million, or 31.7% year on year. The increase in interest income was mainly due to the increase in the average balance of interest-earning assets. The increase in the average balance of interest-earning assets during the reporting period was mainly attributable to the increase in the average balance of customer loans and debt securities investment of the Bank along with the business growth of the Bank.

3.2.1 Interest income from loans and advances

For the six months ended June 30, 2019, interest income from the Bank's customer loans was RMB4,297 million, representing a year-on-year increase of RMB1,284 million or 42.6% over the same period of last year, mainly attributable to the increase in the average balance of total customer loans. The average balance of our total loans to customers increased during the reporting period, primarily reflecting the overall growth of our loan portfolio.

The following table sets forth the average balance, interest income and average yield of various customer loan components of the Bank in the period indicated.

	For the six months ended June 30,					
	2019			2018		
	Average balance	Interest income	Average yield/ interest rate (%)	Average balance	Interest income	Average yield/ interest rate (%)
(in millions of RMB, except percentages)						
Corporate loans	98,029.1	2,894.4	5.91	65,905.9	1,903.7	5.78
Personal loans	46,220.5	1,275.7	5.52	37,999.0	1,105.5	5.82
Discounted bills	6,154.3	126.7	4.12	120.1	3.4	5.71
Net carrying amount	150,403.9	4,296.8	5.71	104,025.0	3,012.6	5.79

Management Discussion and Analysis

3.2.2 Interest income from investments in securities and other financial assets

For the six months ended June 30, 2019, interest income from investments in securities and other financial assets of the Bank amounted to RMB2,339 million, representing an increase of RMB512 million, or 28.0%, primarily due to the increase in the average balance of debt securities investment and the increase in the average yield of investments in securities and other financial assets.

3.2.3 Interest income from financial assets held under resale agreements

For the six months ended June 30, 2019, interest income from financial assets held under resale agreements of the Bank amounted to RMB417 million, representing a year-on-year decrease of RMB53 million, or 11.3%, primarily due to a decrease in the average yield on financial assets held under resale agreements, which was partially offset by the increase in the average balance. The decrease in average yield was primarily due to (i) decreased portion of bills held under resale agreements which have higher yields as compared to other financial assets, and (ii) loosened market liquidity. The increase in average balance was primarily due to the implementation of a stable and neutral monetary policy by the central bank in 2019. The market liquidity was generally sufficient and the Bank actively adjusted the liquidity management measures.

3.2.4 Interest income from deposits with central bank

For the six months ended June 30, 2019, interest income from deposits with the central bank was RMB202 million, which was the same as that of the same period last year.

3.2.5 Interest income from amounts due from banks and other financial institutions

For the six months ended June 30, 2019, interest income from amounts due from banks and other financial institutions amounted to RMB69 million, representing a year-on-year increase of RMB18 million. The increase in interest income was mainly due to the decrease in the average yield of amounts due from banks and other financial institutions, which was partially offset by an increase in the average balance. The decrease in the average yield was primarily due to a decrease in percentage of our time deposits with banks and other financial institutions, which have relatively higher yields compared to demand deposits. The increase in the average balance was due to the need for liquidity management measures.

3.3 Interest expense

For the six months ended June 30, 2019, interest expense of the Bank amounted to RMB3,980 million, representing a year-on-year increase of RMB559 million, or 16.3%.

3.3.1 Interest expense on customer deposits

For the six months ended June 30, 2019, interest expense on customer deposits of the Bank amounted to RMB2,595 million, representing a year-on-year increase of RMB616 million, or 31.1%, primarily due to the increase in the average interest rate and the increase in average balance of customer deposits. The increase in the average interest expense on customer deposits was mainly due to fierce competition in the industry. The increase in the average balance of customer deposits was mainly due to: (i) (a) our continuous efforts to broaden our corporate customer base, and (b) improvements in our customer services and marketing activities, which resulted in an increase in corporate customer deposits; and (ii) the Bank increased its efforts to promote retail banking business, which increased personal deposits.

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

	For the six months ended June 30,					
	2019			2018		
	Average balance	Interest income/expense	Average yield/interest rate (%)	Average balance	Interest income/expense	Average yield/interest rate (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate deposits						
Demand	86,114.1	446.8	1.04	66,196.6	285.2	0.86
Time	38,610.9	628.7	3.26	35,571.7	551.1	3.10
Pledged deposits	28,019.7	350.7	2.50	24,173.2	331.1	2.74
Total	152,744.7	1,426.2	1.87	125,941.5	1,167.4	1.85
Personal deposits						
Demand	15,760.0	30.8	0.39	14,717.5	28.1	0.38
Time	68,421.4	1,138.5	3.33	46,541.0	784.3	3.37
Total	84,181.4	1,169.3	2.78	61,258.5	812.4	2.65
Others	218.1	0.0	0.00	685.3	0.0	0.00
Total customer deposits	237,144.2	2,595.5	2.19	187,885.3	1,979.8	2.11

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3.3.2 Interest expense on deposits from banks and other financial institutions

For the six months ended June 30, 2019, our interest expense on deposits from banks and other financial institutions was RMB308 million, representing a year-on-year increase of RMB18 million, or 6.2%. The increase in interest expense was mainly due to the increase in the average balance of deposits from banks and other financial institutions, which was partially offset by the decrease in the average interest rate. The increase in the average balance of deposits from banks and other financial institutions was mainly due to funding from banks and other financial institutions. The decrease in average interest rate was primarily due to lower market interest rates which resulted from loosened market liquidity in 2019.

3.3.3 Interest expense from financial assets sold under repurchase agreements

For the six months ended June 30, 2019, interest expense on financial assets sold under repurchase agreements amounted to RMB205 million, representing a year-on-year increase of RMB28 million, or 16.0%. The increase in interest expense was primarily due to the increase in the average balance of financial assets sold under repurchase agreements, which was partially offset by the decrease in the average yield. The increase in the average balance was primarily due to the gradual improvement on liquidity management of the Bank. The decrease in average yield was primarily due to the implementation of a stable and neutral monetary policy by the central bank in 2019. The market liquidity was generally sufficient and the capital price was lower than that in 2018.

3.3.4 Interest expense from debt securities issued

For the six months ended June 30, 2019, interest expense from debt securities issued of the Bank amounted to RMB831 million, representing a year-on-year decrease of RMB135 million, or 13.9%. The decrease in interest expense was mainly due to the decrease in the average interest rate of our debt securities issued, which was partially offset by the increase in the average balance. The decrease in average cost was primarily due to loosened market liquidity in 2019, which led to the decrease in the cost of interbank certificates of deposit. The increase in the average balance of debt securities issued was primarily due to an increase in the average balance of interbank certificates of deposit.

3.3.5 Interest expense from borrowings from central bank

For the six months ended June 30, 2019, interest expense on borrowings from central bank of the Bank amounted to RMB41 million, representing a year-on-year increase of RMB32 million. The increase in interest expense was mainly due to the increase in the average balance of borrowings from the central bank.

3.3.6 Net interest spread and net interest margin

For the six months ended June 30, 2019, our net interest spread increased from 2.21% in the same period of the previous year to 2.43%. The net interest margin increased from 1.88% in the previous year to 2.25%. The increase in net interest spread and net interest margin was mainly due to the fact that the pricing levels improved as we strengthened pricing management.

3.4 Non-interest income

3.4.1 Fee and commission income

For the six months ended June 30, 2019, our fee and commission income reached RMB276 million, representing a year-on-year increase of RMB61 million, or 28.0%. The increase in income was mainly due to the continuous increase in the related fee income as a result of promotion and application of our credit cards business.

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

	For the six months ended June 30,			
	2019	2018	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income				
Agency service fees	77.1	93.4	(16.3)	(17.5)
Wealth management fees	51.4	56.5	(5.1)	(9.1)
Acceptance and guarantee commitment fee	29.2	15.7	13.5	86.5
Settlement and clearing fees	16.1	10.4	5.7	54.8
Bank card fees	61.3	26.9	34.4	128.2
Transaction and consultancy fees	41.3	13.0	28.3	217.6
Total	276.4	215.9	60.5	28.0
Fee and commission expense	(132.9)	(77.9)	(55.0)	70.6
Net fee and commission income	143.5	138.0	5.5	4.0

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For the six months ended June 30, 2019, the Bank achieved agency service fee income of RMB77 million, representing a year-on-year decrease of RMB16 million, or 17.5%. The decrease in income was primarily due to a decrease in the agency service fee relating to entrusted loan services.

For the six months ended June 30, 2019, the Bank achieved wealth management fee income of RMB51 million, which was basically the same as that of the same period last year.

For the six months ended June 30, 2019, we achieved acceptance and guarantee commitment fee income of RMB29 million, representing a year-on-year increase of RMB14 million, or 86.5%. The increase in income was mainly due to the increase in trading volume as a result of our vigorous development of the acceptance business.

For the six months ended June 30, 2019, the Bank achieved settlement and clearing service fee income of RMB16 million, which was basically the same as that of the same period last year.

For the six months ended June 30, 2019, our bank card fee income reached RMB61 million, representing a year-on-year increase of RMB34 million, or 128.2%. The increase in income was mainly due to the increase in the related fee income as a result of promotion and application of our credit cards.

For the six months ended June 30, 2019, our transaction and consultancy fees income reached RMB41 million, representing a year-on-year increase of RMB28 million, or 217.6%. The increase in income was mainly due to the increase in the bond underwriting fees and consulting fees.

3.5 Operating expense

For the six months ended June 30, 2019, our operating expenses were RMB1,174 million, representing an increase of RMB159 million, or 15.6% over the same period of last year, which was in line with the overall growth trend of our business.

The following table sets forth the amount, amount of change and rate of changes for each component of operating expenses of the Bank in the period indicated.

	For the six months ended June 30,			
	2019	2018	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Staff costs				
Salaries, bonuses and allowances	430.1	390.5	39.6	10.1
Staff welfare	22.5	18.4	4.1	22.8
Social insurance	35.0	27.8	7.2	25.8
Housing funds	15.2	13.3	1.9	14.6
Labor union fees and staff education expenses	7.4	4.5	2.9	63.6
Total staff costs	510.2	454.5	55.7	12.3
General and administrative expenses	415.3	367.0	48.3	13.2
Tax and surcharges	41.1	26.7	14.4	53.6
Rental expenses	6.8	49.3	(42.5)	(86.2)
Depreciation	134.8	73.3	61.5	83.9
Amortization	54.5	30.3	24.2	80.0
Others	11.1	14.2	(3.1)	(21.8)
Total operating expenses	1,173.8	1,015.3	158.5	15.6

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For the six months ended June 30, 2019, our staff costs were RMB510 million, representing a year-on-year increase of RMB56 million, or 12.3%. The increase in costs was mainly attributable to the general increase in the number of employees and average remuneration as a result of our continued business expansion which resulted in increases in salaries, bonuses and allowances and housing funds for our employees.

For the six months ended June 30, 2019, our general and administrative expenses were RMB415 million, representing an increase of RMB48 million or 13.2% over the same period last year. The increase in costs was mainly due to the increase in the promotion cost as our business grows.

For the six months ended June 30, 2019, our tax and surcharges were RMB41 million, representing a year-on-year increase of RMB14 million, or 53.6%. The increase in costs was mainly due to our business growth.

For the six months ended June 30, 2019, our rental expenses were RMB7 million, representing a year-on-year decrease of RMB42 million, or 86.2%. The decrease in expenses was mainly impacted by IFRS 16 Leasing Standard. The assets rented under the operating lease are audited as right-of-use assets and lease liabilities. The relevant rental expenses are no longer shown under operating expenses, and instead accounted for operating expenses through depreciation of right-of-use assets and amortization of interest expenses of lease liabilities.

For the six months ended June 30, 2019, depreciation and amortization were RMB135 million and RMB54 million, respectively. Depreciation increased by RMB61 million year-on-year, and amortization increased by RMB24 million year-on-year. The increase in depreciation and amortization was mainly due to changes in tangible assets, property and equipment and renovation expenses during the relevant period.

For the six months ended June 30, 2019, other operating expenses were RMB11 million, which was basically the same as that of the same period last year.

3.6 Impairment losses on credit assets

For the six months ended June 30, 2019, our impairment losses on credit assets were RMB2,173 million, representing a year-on-year increase of RMB1,018 million, or 88.1%. The increase in impairment loss on credit assets was mainly due to (i) an increase in allowance for losses on loans and advances to customers; and (ii) increase in the impairment allowance of financial assets that are measured at amortized cost.

The following table sets forth amount, amount of change and percentage of change for each component of impairment loss of the Bank in the period indicated.

	For the six months ended June 30,			
	2019	2018	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers	1,726.6	866.4	860.2	99.3
Financial assets measured at amortized cost	417.6	222.4	195.2	87.7
Financial assets measured at FVTOCI	3.6	3.9	(0.3)	(8.5)
Placements from banks	(0.2)	(0.5)	0.3	(67.6)
Deposits with banks and other financial institutions	0.7	0.7	0.0	0.0
Financial assets held under resale agreement	(7.0)	(14.2)	7.2	(50.8)
Financial guarantee and commitment	31.2	68.0	(36.8)	(54.1)
Other assets	0.0	8.1	(8.1)	(100.0)
Total impairment losses on credit assets	2,172.5	1,154.8	1,017.7	88.1

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3.7 Income tax expense

For the six months ended June 30, 2019, our income tax was RMB245 million, representing a year-on-year decrease of RMB8 million, or 3.3%. The decrease in income tax expense was mainly due to the exemption of enterprise income tax on interest income and dividends of funds from investments in national bonds and local government bonds.

The following table sets forth amount, amount of change and percentage of change for each component of income tax expense of the Bank in the period indicated.

	For the six months ended June 30,			
	2019	2018	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current income tax	250.7	535.6	(284.9)	(53.2)
Effect of tax for previous years	4.0	(21.7)	25.7	(118.5)
Deferred income tax	(9.7)	(260.4)	250.7	(96.3)
Total income tax expenses	245.0	253.5	(8.5)	(3.3)

4. Analysis of major financial position items

4.1 Assets

For the six months ended June 30, 2019, our total assets amounted to RMB357,600 million, representing an increase of RMB45,978 million, or 14.8% from the end of the previous year. The increase in assets was mainly due to the increase in the composition of the following assets: (i) loans and advances to customers; and (ii) investment in securities and other financial assets.

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers	161,340.0	45.1	141,829.5	45.5
Less: Allowance for impairment losses	(5,064.1)	(1.4)	(4,681.3)	(1.5)
Loans and advances to customers, net	156,275.9	43.7	137,148.2	44.0
Net securities and other financial assets	147,681.0	41.3	120,055.8	38.6
Cash and balances with central bank	30,507.3	8.5	28,436.9	9.1
Deposits with banks and other financial institutions	2,025.4	0.6	1,634.3	0.5
Placements from banks	4,250.4	1.2	2,818.3	0.9
Financial assets held under resale agreement	8,914.9	2.5	13,954.1	4.5
Investment in associates	119.5	0.0	117.7	0.0
Other assets	7,826.0	2.2	7,457.2	2.4
Total assets	357,600.4	100.0	311,622.5	100.0

4.1.1 Loans and advances to customers

As at June 30, 2019, our total loans and advances to customers were RMB161,340 million, representing an increase of RMB19,511 million, or 13.8% from the end of the previous year. The growth of the our loan portfolio was mainly due to (i) the stable growth in our corporate loans; and (ii) our continued efforts to develop personal loan business.

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans	102,677.2	63.7	89,842.5	63.3
Personal loans	44,573.1	27.6	41,223.2	29.1
Discounted bills	14,089.7	8.7	10,763.8	7.6
Gross amount of loans and advances to customers	161,340.0	100.0	141,829.5	100.0

(1) Corporate loans

As at June 30, 2019, our corporate loans amounted to RMB102,677 million, representing an increase of RMB12,835 million, or 14.3% from the end of the previous year. The overall increase in corporate loans was mainly due to our continued expansion of its corporate loan portfolio.

The following table sets forth, as at the dates indicated, the distribution of our corporate loans by type of collateral.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Unsecured loans	15,332.0	14.9	12,812.8	14.3
Guaranteed loans	30,233.3	29.4	30,084.1	33.5
Collateralized loans	44,391.9	43.3	35,671.0	39.7
Pledged loans	12,720.0	12.4	11,274.6	12.5
Total corporate loans	102,677.2	100.0	89,842.5	100.0

(2) Personal loans

As at June 30, 2019, our personal loans amounted to RMB44,573 million, representing an increase of RMB3,350 million, or 8.1% from the end of the previous year. Our personal loans continued to grow, mainly due to the rapid development of our personal consumption loans and credit card business, and expansion of branch network.

The table below sets forth, as at the dates indicated, the breakdown of our personal loans by product type.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Residential mortgage loans	21,507.4	48.3	20,289.9	49.2
Personal business loans	9,268.5	20.8	9,264.4	22.5
Personal loans for consumption	11,148.1	25.0	10,116.0	24.5
Bank card balances	2,649.1	5.9	1,552.9	3.8
Total personal loans	44,573.1	100.0	41,223.2	100.0

(3) Discounted bills

As at June 30, 2019, our discounted bills were RMB14,090 million, representing an increase of RMB3,326 million, or 30.9% from the end of the previous year. The increase in discounted bills is primarily due to the enhanced support towards the real economy by the Bank, and continuous expansion in the overall bill business.

4.1.2 Investments in securities and other financial assets

As at June 30, 2019, our total investment in securities and other financial assets amounted to RMB149,017 million, representing an increase of RMB27,590 million or 22.7% from the end of the previous year. The increase is primarily due to the fact that (i) the Bank's debt securities held by the Bank increased; and (ii) equity investments held by the Bank increased, primarily in bond funds and currency funds. In addition, due to the active transformation to the standardized business, the non-standardized investment held by the Bank dropped sharply, down by RMB5,404 million or 7.6% from the end of the previous year.

The following table sets out the components of the Bank's investments in securities and other financial assets by investment intention as at the dates indicated.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Investments at fair value through profit or loss	45,614.7	30.6	36,994.9	30.5
Investments at amortized cost	83,089.9	55.8	69,470.8	57.2
Investments at fair value through other comprehensive income	20,312.4	13.6	14,960.9	12.3
Investments in securities and other financial assets, gross	149,017.0	100.0	121,426.6	100.0

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The following table sets forth, as at the dates indicated, the distribution of our investments in securities and other financial assets.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Debt securities				
Government bonds	14,953.8	10.0	9,569.6	7.9
Debt securities issued by PRC policy banks	25,254.1	17.0	16,573.3	13.6
Debt securities issued by other PRC banks and financial institutions	5,238.4	3.5	859.2	0.7
Debt securities issued by PRC corporate issuers	21,667.1	14.5	14,658.9	12.1
Total	67,113.4	45.0	41,661.0	34.3
Non-standard Investment				
Trust plans and asset management plans	60,177.2	40.4	67,070.1	55.2
Wealth management products issued by other PRC commercial banks	1,995.5	1.4	715.3	0.6
Other investments at fair value through profit or loss	3,171.7	2.1	2,963.2	2.5
Total	65,344.4	43.9	70,748.6	58.3
Unlisted equity investments				
Equity investments	587.6	0.4	530.9	0.4
Fund investments	15,971.6	10.7	8,486.1	7.0
Total	16,559.2	11.1	9,017.0	7.4
Investments in securities and other financial assets, gross	149,017.0	100.0	121,426.6	100.0
Less: Allowance for impairment losses	(1,336.0)		(1,370.8)	
Investments in securities and other financial assets, net	147,681.0		120,055.8	

4.1.3 Other Components of Our Assets

Other components of our assets mainly include: (i) cash and deposits with central bank; (ii) deposits with banks and other financial institutions; (iii) placements with banks and other financial institutions; and (iv) financial assets held under resale agreements.

As at June 30, 2019, the amount of deposits with banks and other financial institutions was RMB2,025 million, representing an increase of RMB391 million or 23.9% from the end of the previous year. The increase was mainly due to our adjustment of liquidity management measures based on the funding situation and market liquidity changes.

As at June 30, 2019, the amount of placements with banks and other financial institutions was RMB4,250 million, representing an increase of RMB1,432 million or 50.8% from the end of the previous year. The increase was mainly due to our adjustment of liquidity management measures based on the funding situation and market liquidity changes.

As at June 30, 2019, the amount of financial assets held under resale agreements was RMB8,915 million, representing a decrease of RMB5,039 million, or 36.1% from the end of the previous year. The decrease was mainly due to our reduced financial assets held under resale agreements based on our liquidity management measures.

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4.2 Liabilities

As at June 30, 2019, we recorded total liabilities of RMB333,142 million, increasing by RMB45,119 million, or 15.7% over that at the end of last year.

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrowing from central bank	3,129.9	0.9	3,167.7	1.1
Customers deposits	240,139.6	72.1	217,934.3	75.7
Deposits with banks and other financial institutions	17,470.3	5.2	12,772.3	4.4
Placements from banks	6,251.3	1.9	1,774.9	0.6
Financial assets sold under repurchase agreements	19,443.9	5.9	8,202.1	2.9
Debt securities issued	43,231.3	13.0	40,900.0	14.2
Other liabilities ⁽¹⁾	3,476.0	1.0	3,272.0	1.1
Total liabilities	333,142.3	100.0	288,023.3	100.0

Note:

- (1) Consists of other payables, settlement payable, salaries payable, tax payables, dividends payable, lease liabilities and off balance sheet allowances for impairment.

4.2.1 Customer deposits

As at June 30, 2019, we recorded total customer deposits of RMB240,139 million, increasing by RMB22,205 million, or 10.2% over that at the end of last year. The increase in deposit was mainly due to the rising momentum of our corporate and retail banking business.

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate deposits				
Demand	87,057.3	36.2	84,274.1	38.7
Time	38,365.6	16.0	39,507.7	18.1
Pledged deposits	28,966.8	12.1	24,314.8	11.2
Total	154,389.7	64.3	148,096.6	68.0
Personal deposits				
Demand	14,577.2	6.1	15,521.4	7.1
Time	70,972.9	29.5	54,130.2	24.8
Total	85,550.1	35.6	69,651.6	31.9
Other deposits⁽¹⁾	199.8	0.1	186.1	0.1
Total customer deposits	240,139.6	100.0	217,934.3	100.0

Note:

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

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4.2.2 Deposits with banks and other financial institutions

As at June 30, 2019, the deposits from banks and other financial institutions in our bank recorded a balance of RMB17,470 million, increasing by RMB4,698 million, or 36.8% over that at the end of last year. The increase was primarily ascribed to our strategic adjustment on the financing structure portfolio which has driven up the deposits from banks and other financial institutions.

4.2.3 Borrowing from central bank

For the six months ended June 30, 2019, the balance of borrowings from central bank of the Bank amounted to RMB3,130 million, which was basically the same as that of the end of last year.

4.2.4 Financial assets sold under repurchase agreements

As at June 30, 2019, our financial assets sold under repurchase agreements valued RMB19,443 million, increasing by RMB11,242 million, or 137.1% from that at the end of last year. The increase was primarily a result of our adjustment on selling bonds for repurchase in compliance with the working capital management measures.

4.2.5 Debt securities issued

As at June 30, 2019, our issued debt securities totaled RMB43,231 million, increasing by RMB2,331 million or 5.7%, from that at the end of last year. The increase was primarily due to the adjustment of our strategic financing structure, which increased the issuance of interbank negotiable certificate of deposit.

4.3 Shareholders' equity

As at June 30, 2019, we recorded total shareholders' equity of RMB24,458 million, increasing by RMB859 million, or 3.6% over that at the end of last year. As of June 30, 2019, the total equity attributed to shareholders of our parent company valued RMB23,912 million, representing an increase of RMB849 million, or 3.7% as compared to the end of last year. The increase in equity of the Bank's Shareholders can be primarily ascribed to the growing retained earnings.

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Share capital	2,407.4	9.8	2,407.4	10.2
Share premium	8,165.7	33.4	8,165.7	34.6
Surplus reserve	3,106.4	12.7	3,106.4	13.2
General reserve	3,894.1	15.9	3,894.1	16.5
Reserve for fair value changes of investment securities	14.1	0.1	(12.6)	(0.1)
Retained earnings	6,324.4	25.9	5,501.6	23.3
Equity attributable to shareholders of the Bank	23,912.1	97.8	23,062.6	97.7
Non-controlling interests	546.0	2.2	536.6	2.3
Shareholders' equity, gross	24,458.1	100.0	23,599.2	100.0

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5. Off-balance sheet commitments of assets and liabilities

The following table sets forth, as at the dates indicated, the amount of the Bank's off-balance sheet commitments of assets and liabilities.

	As of June 30, 2019	As of December 31, 2018
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Credit commitments		
Loan commitments	2,433.7	2,016.9
Bank acceptances	31,325.5	30,837.9
Letters of credit	6,097.5	3,205.2
Letters of guarantee	6,062.5	3,976.2
Net carrying amount	45,919.2	40,036.2

As at June 30, 2019, the Bank's off-balance sheet commitments totaled RMB45,919 million, representing an increase of RMB5,883 million or 14.69%. The increase was mainly due to the increase in the letters of credit and letters of guarantee. For details on off-balance sheet commitments of assets and liabilities, see the note "Contingent Liabilities and Commitments" to the financial statement in this report.

6. Loan quality analysis

In 2019, the impacts such as the external business environment changes, the slowdown in economic growth and the business difficulties in small and medium enterprises posed pressure on the rising non-performing loans of the Bank. The Bank paid close attention to external dynamics and took concrete steps to strengthen full-process management over loans, sped up credit structure adjustment, intensified recovery and disposal of non-performing loans, and enhanced risk management performance assessment. As a result, the Bank's loan quality was maintained under control overall. As of June 30, 2019, our non-performing loans balance amounted to RMB3,179 million, increasing by RMB351 million compared with the end of the previous year. Non-performing loan ratio amounted to 1.97%, representing a decrease of 0.02 percentage point from the end of last year.

6.1 Distribution of loans by five-category loan classification

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

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Normal	155,522.3	96.4	137,057.1	96.7
Special mention	2,638.4	1.6	1,944.2	1.4
Substandard	1,028.7	0.6	1,866.3	1.3
Doubtful	1,859.6	1.2	619.4	0.4
Loss	291.0	0.2	342.5	0.2
Gross amount of loans and advances to customers	161,340.0	100.0	141,829.5	100.0
Non-performing loan ratio^{(1) (2)}		1.97		1.99

Notes:

(1) The core definition of credit asset classification in the Guidelines of Risk-based Classification of Loans is:

Normal: The borrower can honor the terms of its loans and there is insufficient reason to doubt its ability to repay principal and interest in full on a timely basis.

Special mention: The borrower is able to repay the loans currently, although repayment may be adversely affected by certain factors.

Substandard: The borrower's ability to repay its loans is in question as it cannot rely entirely on normal income to repay the principal and interest, and losses may ensue even when guarantees are invoked.

Doubtful: The borrower cannot repay principal and interest in full and significant losses will be recognized even when guarantees are invoked.

Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

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

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

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6.2 Loans and non-performing loans classified by business type

The following table sets forth, on the dates indicated, loans and non-performing loans of the Bank by business type.

	As of June 30, 2019				As of December 31, 2018			
	Amount	% of total amount (%)	Non- performing loan amount	Non- performing loan ratio (%)	Amount	% of total amount (%)	Non- performing loan amount	Non- performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Corporate loans								
Working capital loans	61,860.3	38.4	1,528.1	2.47	54,832.9	38.7	1,350.0	2.46
Fixed asset loans	35,334.1	21.9	635.4	1.80	30,719.5	21.6	666.3	2.17
Trade finance loans	4,080.0	2.5	3.0	0.07	2,298.4	1.6	2.0	0.09
Others	1,402.8	0.9	445.2	31.74	1,991.7	1.4	238.6	11.98
Total	102,677.2	63.7	2,611.7	2.54	89,842.5	63.3	2,256.9	2.51
Personal loans								
Residential mortgage loans	21,507.4	13.3	83.9	0.39	20,289.9	14.3	50.2	0.25
Personal business loans	9,268.5	5.8	309.2	3.33	9,264.4	6.6	342.4	3.70
Personal loans for consumption	11,148.1	6.9	135.5	1.22	10,116.0	7.1	151.0	1.49
Bank card balances	2,649.1	1.6	39.0	1.47	1,552.9	1.1	27.7	1.79
Total	44,573.1	27.6	567.6	1.27	41,223.2	29.1	571.3	1.39
Discounted bills	14,089.7	8.7	–	–	10,763.8	7.6	0	0.00
Gross amount of loans and advances to customers	161,340.0	100.0	3,179.3	1.97	141,829.5	100.0	2,828.2	1.99

As of June 30, 2019, the balance of the Bank's corporate loans amounted to RMB102,677 million, representing an increase of RMB12,835 million from the end of the previous year, the balance of the non-performing corporate loans amounted to RMB2,612 million, an increase of RMB355 million from the end of the previous year, recording an increase in non-performing loan ratio of 0.03 percentage point to 2.54%, which remained stable basically as compared to the end of last year.

As of June 30, 2019, the balance of the Bank's personal loans amounted to RMB44,573 million, representing an increase of RMB3,350 million from the end of the previous year. The balance of non-performing personal loans of the Bank amounted to RMB568 million, representing a decrease of RMB4 million as compared to the end of last year. Non-performing ratio decreased by 0.12 percentage point to 1.27% as compared to the end of last year, thanks to our strengthened and continuous efforts on settling non-performing personal loans.

6.3 Loans and non-performing loans classified by industry

The following table sets forth, as at the dates indicated, the distribution of our corporate loans by industry of the Bank.

	As of June 30, 2019				As of December 31, 2018			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Real estate	27,021.7	16.7	1,051.2	3.89	24,584.1	17.3	1,026.3	4.17
Leasing and commercial services	23,882.1	14.8	83.1	0.35	21,188.9	14.9	14.1	0.07
Water conservancy, environment and public utility management	17,017.9	10.6	0.0	0.00	11,959.0	8.4	0.0	0.00
Wholesale and retail	10,158.1	6.3	527.4	5.19	9,247.8	6.5	531.9	5.75
Construction	7,260.0	4.5	276.2	3.80	7,230.4	5.1	246.7	3.41
Manufacturing	7,272.5	4.5	416.7	5.73	6,808.4	4.8	114.7	1.68
Production and supply of electricity, heat, gas and water	3,128.6	2.0	0.0	0.00	940.7	0.7	0.0	0.00
Education	1,402.9	0.9	0.0	0.00	1,356.8	1.0	0.0	0.00
Hotels and catering	1,832.8	1.1	67.6	3.69	1,197.8	0.8	71.8	5.99
Agriculture, forestry, animal husbandry and fishery	495.2	0.3	127.3	25.71	512.2	0.4	140.2	27.37
Transportation, storage and postal services	1,142.4	0.7	38.7	3.39	665.3	0.5	26.8	4.02
Others ⁽²⁾	2,063.0	1.3	23.5	1.14	4,150.9	2.9	84.5	2.04
Total corporate loans	102,677.2	63.7	2,611.7	2.54	89,842.5	63.3	2,256.9	2.51
Total personal loans	44,573.1	27.6	567.6	1.27	41,223.2	29.1	571.3	1.39
Discounted bills	14,089.7	8.7	0.00	0.00	10,763.8	7.6	0.0	0.00
Gross amount of loans and advances to customers	161,340.0	100.0	3,179.3	1.97	141,829.5	100.0	2,828.2	1.99

Notes:

- (1) Calculated by dividing non-performing loans in each industry by gross loans to corporate customers in that industry.
- (2) Mainly included: (i) hygiene and social services; (ii) information transmission, software and information technology services; (iii) finance; (iv) scientific research and technical services; and (v) residential services, repairing and other services.

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As of June 30, 2019, the Bank's non-performing corporate loans were primarily from: (i) the real estate industry; (ii) wholesale and retail industries; and (iii) the manufacturing industry, whose non-performing loan ratios were 3.89%, 5.19% and 5.73%, respectively.

The balance of the real estate industry increased by RMB2,438 million compared with the end of the previous year. The non-performing loan ratio decreased by 0.28 percentage point from the end of the previous year and the balance of wholesale and retail industry increased by RMB910 million from the end of the previous year, and the non-performing loan ratio decreased by 0.56 percentage point from the end of the previous year. The decline was primarily due to the efforts of the Bank to enhance the collection of non-performing loans.

The balance of manufacturing industry increased by RMB464 million compared with the end of the previous year, and the non-performing loan ratio increased by 4.05 percentage points from the end of the previous year. The increase in the non-performing loan ratio was primarily due to the fact that some enterprises could not repay the interest in time due to operational difficulties.

6.4 Loans and non-performing loans classified by collateral

The following table sets forth, on the dates indicated, loans and non-performing loans of the Bank by collateral.

	As of June 30, 2019				As of December 31, 2018			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Unsecured loans	28,000.8	17.4	237.7	0.85	23,035.2	16.2	247.5	1.07
Guaranteed loans	32,422.5	20.1	602.9	1.86	32,591.3	23.0	483.1	1.48
Collateralized loans	73,453.3	45.5	2,122.1	2.89	63,547.2	44.8	1,920.4	3.02
Pledged loans	27,463.4	17.0	216.6	0.79	22,655.8	16.0	177.2	0.78
Net carrying amount	161,340.0	100.0	3,179.3	1.97	141,829.5	100.0	2,828.2	1.99

Note:

- (1) Calculated by dividing the non-performing loans secured by various types of collateral in each product category by the total amount of loans for such collateral.

As of June 30, 2019, the Bank's non-performing loan balance accounted for 66.7% of total non-performing loans, and the non-performing loan balance of mortgage loans increased by RMB202 million from the end of the previous year. The non-performing loan ratio decreased by 0.13 percentage point. The decline was primarily due to the efforts of the Bank to enhance the collection of non-performing loans.

6.5 Borrower concentration

As of June 30, 2019, the Bank's loan balance to any single borrower did not exceed 10% of the Bank's net capital base.

The following table sets forth, as at the dates indicated, our loan balances to our ten largest single borrowers (excluding group borrowers). Such loans were classified as normal.

		As of June 30, 2019		
	Industry	Loan balance	% of total loans	% of total net capital base
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrower A	Water conservancy, environment and public utility management	1,610.0	1.00	5.13
Borrower B	Water conservancy, environment and public utility management	1,499.0	0.93	4.78
Borrower C	Water conservancy, environment and public utility management	1,289.0	0.80	4.11
Borrower D	Real estate	1,200.0	0.74	3.82
Borrower E	Leasing and commercial services	1,000.0	0.62	3.19
Borrower F	Finance	977.0	0.61	3.11
Borrower G	Leasing and commercial services	800.0	0.50	2.55
Borrower H	Real estate	795.0	0.49	2.53
Borrower I	Water conservancy, environment and public utility management	789.0	0.49	2.51
Borrower J	Real estate	780.0	0.48	2.48
Net carrying amount		10,739.0	6.66	34.21

As of June 30, 2019, the Bank's loan balance to the largest single borrowers amounted to RMB1,610 million, representing 1.00% of the Bank's total loans; the total loans to our ten largest single borrowers amounted to approximately RMB10,739 million, representing 6.66% of the Bank's total loans.

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6.6 Overdue loans

The following table sets forth, on the dates indicated, the Bank's loans and advances to customers by length of maturity.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	157,521.6	97.6	138,687.6	97.8
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	947.6	0.6	1,983.9	1.4
3 months to 1 year	2,316.6	1.4	378.7	0.3
1 to 3 years	470.5	0.3	615.9	0.4
Over 3 years	83.7	0.1	163.4	0.1
Total	3,818.4	2.4	3,141.9	2.2
Gross amount of loans and advances to customers	161,340.0	100.0	141,829.5	100.0

Note:

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

As at June 30, 2019, the total amount of overdue loans was RMB3,818 million, representing an increase of RMB677 million from the end of last year. The ratio of overdue loans to total loans was 2.37%, representing an increase of 0.15 percentage point as compared to the end of last year. The increase in the overdue loans of the Bank was primarily since some small and medium enterprises could not repay the interest in time due to operation difficulties.

7. Segment reporting

7.1 By geographical region

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

	As of June 30, 2019		As of June 30, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	4,367.4	93.5	3,115.3	89.8
Guangdong Province	125.8	2.7	140.9	4.1
Anhui Province	40.9	0.9	60.5	1.7
Other areas ⁽¹⁾	136.3	2.9	153.7	4.4
Total operating income	4,670.4	100.0	3,470.4	100.0

Note:

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

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7.2 By business segment

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

	As of June 30, 2019		As of June 30, 2018	
	Amount	% of total	Amount	% of total
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking business	2,540.6	54.4	1,668.7	48.1
Retail banking business	954.6	20.4	627.1	18.1
Financial market business	973.6	20.8	896.7	25.8
Other business ⁽¹⁾	201.6	4.3	277.9	8.0
Total operating income	4,670.4	100.0	3,470.4	100.0

Note:

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

8. Analysis of Capital Adequacy Ratio

The Group continued to optimize its business structure and strengthen its capital management. As of June 30, 2019, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 8.62%, 8.62% and 11.11%, respectively, representing a decrease of 0.28 percentage point, 0.28 percentage point and 0.44 percentage point, respectively as compared to the end of last year which met the internal regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) of the CBIRC during the transition period. The changes in capital adequacy ratio was mainly due to an increase in risk-weighted assets arising from the expansion of scale of the Bank's assets.

The capital adequacy ratio calculated by the Bank in accordance with the Administrative Measures for Capital of Commercial Banks (Trial) of the CBIRC is as follows:

	As of June 30, 2019	As of December 31, 2018
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Core tier-one capital		
Share capital	2,407.4	2,407.4
Qualifying share premium	8,165.7	8,165.7
Surplus reserve and general reserve	7,000.5	7,000.5
Retained earnings	6,324.4	5,501.6
Qualifying non-controlling interests	546.0	536.6
Other comprehensive income	14.1	(12.6)
Deductions of core tier-one capital	(95.9)	(82.5)
Net core tier-one capital	24,362.2	23,516.7
Other tier-one capital	–	–
Net tier-one capital	24,362.2	23,516.7
Tier-two capital		
Qualifying tier-two capital instruments and related premiums	5,000.0	5,000.0
Surplus provision for loan impairment	2,032.5	1,986.1
Qualifying non-controlling interests	–	–
Net capital base	31,394.7	30,502.8
Total risk-weighted assets	282,486.6	264,112.9
Core tier-one capital adequacy ratio	8.62%	8.90%
Tier-one capital adequacy ratio	8.62%	8.90%
Capital adequacy ratio	11.11%	11.55%

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9. Business operation

9.1 Corporate banking business

The corporate banking business adheres to its principle of moving forward with steady growth and continuously optimizes the structure of the corporate business to highlight the point of serving the real economy. Firstly, the basic business grew steadily. As of June 30, 2019, the Bank recognised corporate banking operating income of RMB2,541 million, accounting for 54.4% of the total operating income, and the total operating income increased by 52.3% as compared to the same period of last year. The total corporate deposits amounted to RMB154,390 million, representing an increase of RMB6,293 million, or 4.3% as compared to the end of last year. The total corporate loans amounted to RMB102,677 million, representing an increase of RMB12,835 million, or 14.3% as compared to the end of last year. Secondly, the structure of the customers became more optimized. As of June 30, 2019, the number of corporate deposit customers was 39,318, representing an increase of 1,472 as compared to the end of last year. The number of corporate loan customers was 2,748, representing an increase of 194 as compared to the end of last year. Thirdly, the scope of our business has been expanding continuously, and we have obtained the qualification to conduct Class B lead underwriter in debt financing instruments for non-financial enterprises this year, and have entered into underwriting agreements with a number of provincial and municipal enterprises to achieve the first successful issuance of our underwriting business. At the same time, the first city commercial bank credit enhancement in Jiangxi Province for our overseas bond projects was launched.

Bill Discounting Business

Further assist the real economy. In the first half of 2019, the Bank continued to expand our total bill business volume so as to effectively introduce the bill rediscounting policies to small and micro enterprises, as well as private enterprises, providing medium-, small- and micro-sized local enterprises with easy and accessible funds. As of June 30, 2019, the Bank's discounted bills amounted to RMB14,090 million, accounting for 8.7% of the gross amount of loans and advances to customers, increasing by RMB3,326 million, as compared to the end of last year and the volume of the Bank's discounted bills increased by 30.9% as compared to the beginning of the period.

Outstanding achievements in the integration of industry and research. In June 2019, the Bank, the Finance Society in Jiangxi Province and Jiangxi University of Finance and Economics jointly hosted an academic exchange meeting on "High Quality Economic Development of Bill Business Services". Meanwhile, the Bank joined hands with the International Institute of Green Finance to explore the practical implementation of "green bills", aiming to create a new pattern for green bill business while integrating academic research and constantly combining academic research with practical work.

Trading and Financial Business

The trading and financial business of the Bank continued to develop featured products and expanded the basic business scale. For the six months ended June 30, 2019, total settlement of trading and financial business of the Bank amounted to USD2,067 million, increasing by USD968 million or 88.1% as compared to the same period of last year. In addition, the Bank proactively expanded new businesses. In May 2019, by providing irrevocable standby letter of credit, the Bank successfully assisted Pingxiang Urban Construction Investment Developing Company in Jiangxi Province's first issuance of public credit-enhanced USD-dominated bonds by city commercial bank.

Green Financial Business

The Bank actively fulfilled the social responsibility. In August 2017, the Bank established the first green financing department in Jiangxi Province, and committed to the simultaneous development of green financing and business. We focused on development directions such as green buildings, green transportation, clean energy, garbage disposal, pollution prevention as well as resources recycling. We further increased the support for green financing business through building green financial system and optimizing green financing institution, innovating green financial products, protecting the cap for the green business and increasing the proportion of green assessments, so as to introduce products such as green credit, green bills, green bonds and green debt-financing instruments. As of June 30, 2019, the Bank recorded green credit balance of RMB5,269 million, increasing by RMB2,314 million, or 78.3% as compared to the end of last year. The number of green credit customers was 138, representing an increase of 38 as compared to the end of last year.

9.2 Retail banking business

In the first half of 2019, the Bank's retail banking business continued to build a "one core, two platforms" strategic plan based on improvement of retail products, and continued to deepen the "Mobile Jiuyin" business channel layout, establishing a retail marketing system, product system and interest system and ultimately achieved a larger scale of the retail business and the structural optimization of retail customers.

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Product promotion and platform construction were improving. By offering “Mortgage Loan (房抵貸)”, “Kuai Huo Dai (快活貸)”, “Tobacco Company Loan (煙商貸)”, “Tax Loan (税金貸)”, we have better promoted the integration of our retail business online and offline. The Bank initiated the construction of the “Jiuyin Lifestyle Privilege Program” merchant platform, enhanced the added value of services, and created an industrial scenario-based ecosystem. We also launched the “Jiuyin Wallet” platform, enhancing our capability to acquire online customers. As of June 30, 2019, the total number of retail loan customers of the Bank was around 342,200. The Bank’s retail loans amounted to RMB44,573 million, representing an increase of RMB3,350 million, or 8.1% as compared to the end of last year. The total number of retail deposit customers was around 3,371,700, representing an increase of 334,800, or 11.0% as compared to the end of last year. The Bank’s retail deposits amounted to RMB85,550 million, representing an increase of RMB15,899 million, or 22.8% as compared to the end of last year.

The Bank created online and offline scenarios with the principle of targeted marketing. At the beginning of June 2019, the Bank and Sina Jiangxi held a series of seminars as charity marketing campaign in relation to college programme choices – “Conquer the College Entrance Exam and Realize Your Dream” of 2019. 87 seminars were held with a total of 16,000 direct participants, covering 90% of the counties and cities in the Jiangxi province as well as Guangzhou and Hefei areas; the Bank provided comprehensive industry application solutions around large-scale scenario of campuses, hospitals, and public transportation; focusing on high-frequency trading scenarios such as commercial complex, hypermarkets, chain convenience stores, and wholesale markets, the Bank formed a mature scenario construction plan and launched products such as “Fast Cashiering” to achieve rapid project launching.

Electronic Banking Business

Our electronic channels provide customers with comprehensive financial services through online banking, mobile banking, telephone banking, WeChat banking and self-service banking. For the six months ended June 30, 2019, the Bank completed transactions of RMB516.531 billion through e-banking channels. The online platform handled a total transaction volume of RMB456.556 billion, accounting for 88.4% of the total amount of electronic banking transactions. As of June 30, 2019, the total number of mobile banking customers of the Bank was around 793,600, representing an increase of 285,100, or 56.1% as compared to the end of last year; the total number of retail online banking customers was 672,200, representing an increase of 142,200, or 26.8% as compared to the end of last year; the total number of corporate online banking customers was 37,300, representing an increase of 5,800, or 18.4% as compared to the end of last year.

Bank Card Business

Debit card

As of June 30, 2019, the total issued debit cards “Lushan card (廬山卡)” was amounted to 3.42 million, representing an increase of 180,000 as compared to the end of last year.

Credit card

During the reporting period, the Bank launched “Jiujiang Bank Credit Card” WeChat Official Account, established installments and points exchange online store, organized activities such as “Jiujiu New Year’s Shopping Festival” and “Jiujiu Labour Day”, committed to providing more efficient and convenient services to the customers. As of June 30, 2019, the Bank issued a total of 149,500 credit cards, an increase of 43,900 as compared to the end of last year, activated cards of 90,300, with an activation rate of 60.4%. In cooperation with large-scale shopping complexes, the Bank launched the Liansheng joint card, Shangchao gold card and other income-generating products.

9.3 Inclusive Financial Business

During the reporting period, the Bank thoroughly implemented the requirements of the “Notice on Issuing the Plan of Promoting Inclusive Financing Development (2016-2020)” of the State Council, leveraged on the sinking effect of inclusive finance, focused on the New Sannong business, and explored the rural financial services market by innovating our products and business model.

Smart Loan for Enriching Farmers was effective. We signed a total of 88 contracts with agricultural fund stores, and granted RMB48.4578 million loans, benefiting 5,984 peasants households.

The effectiveness of “One County and One Product” has improved. “Ju Shi Dai”, “Cheng Xiang Dai” and “Zhengbang Agricultural Loan” received well responses. As of the end of June 2019, the total number of credit customers was 1,380. The loan balance amounted to RMB116 million.

9.4 Financial market business

In 2019, the Bank adhered to the principle of market orientation, proactively optimized asset allocation and strictly managed various risks. As of June 30, 2019, the Bank recognised a financial market business operating income of RMB974 million, accounting for 20.8% of the total operating income, increasing by 8.6% as compared to the same period of last year. During the reporting period, the Bank obtained the qualification of Class B lead underwriters of debt financing instruments issued by non-financial enterprises in the interbank bond market as well as the qualification of a primary dealer in open market business of the central bank.

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Money market transactions

As at June 30, 2019, the balance of deposits and placements with banks and other financial institutions, financial assets held under resale agreements amounted to RMB15,191 million, the balance of placements and deposits from banks and other financial institutions, financial assets sold under repurchase agreements amounted to RMB43,165 million.

Investments business

As at June 30, 2019, our investments in Standard Investment Products, non-standard credit and equity investments amounted to RMB149,017 million, accounting for 41.7% of our asset aggregate of the same day, increasing by RMB27,590 million, or 22.7% as compared to the end of last year. The increase in investment business was primarily due to the fact that: (i) the Bank's debt securities held by the Bank increased; and (ii) equity investments held by the Bank significantly increased, primarily in bond funds and currency funds. In addition, due to the active transformation to the standardized business, the non-standardized investment held by the Bank dropped sharply, down by RMB5.404 billion or 7.6% from the end of the previous year.

According to the statistics of the local currency trade system of China Foreign Exchange Trading System, the Bank completed the delivery volume of local currency bond of RMB6.87 trillion in total in the first half of 2019, ranked among the "Top 100 Traders in the Inter-Bank Local Currency Market" four years in a row. Apart from that, the Bank also won the "2018 Inter-Bank Local Currency Market Core Dealer" awarded by China Foreign Exchange Trading System & National Interbank Funding Center, the "Excellent Dealer" and "Excellent Issuer" award of 2018 issued by China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司), the "Excellent Award for Net Bond Sole Settlement" of 2018 issued by Shanghai Clearing House. The Bank underwrote 678 debt financing instruments of non-financial enterprises, ranked among the top in the underwriting institutions of the banks in the country.

Wealth Management for Customers

As of June 30, 2019, the existing wealth management products balance amounted to RMB36,020 million, decreased by RMB364 million as compared to the end of last year. For the six months ended June 30, 2019, we made 278 issues of wealth management products in total, raising RMB36,117 million, with a scale of each issue raising RMB130 million. Since 2019, the Bank actively adjusted the term structure of wealth management products and strengthened the issuance scale of mid and long term wealth management products in order to meet the regulatory requirements of the PRC's domestic new asset management regulations.

9.5 Automobile Finance

The Bank reinforced efforts on development of “Shang Dai Tong (商貸通)” . As of June 30, 2019, 154 car dealers of automobile manufacturers were admitted to the “Shang Dai Tong” tripartite financing arrangement. Our total credit line extended to, and total loan balance with, these car dealers were RMB2,000 million and RMB489 million, respectively.

Innovated for and optimized processes of products. The Bank optimized the business process of “Joint Loan” and “Static Bill Pool”, the “Joint Loan” can be automatically approved online. It also developed “Car Rental Loan”, “Bicycle Loan” and financial products targeting new energy vehicles. It has cooperated with Lian Lian Auto Finance Leasing (Guangzhou) Co., Ltd. to develop financial products of “Car Rental Loan” business model.

9.6 Subsidiaries Business

9.6.1 Businesses of controlling subsidiaries

As of June 30, 2019, we controlled 18 county banks, including 15 in Jiangxi Province and 3 in Beijing, Shandong Province and Jiangsu Province. The total assets of 18 county banks amounted to RMB12,478 million. The total loans amounted to RMB5,666 million, increased by 4.3% as compared to the end of last year. The deposits balance amounted to RMB9,862 million, increased by 0.77% as compared to the end of last year. In the first half of 2019, 18 controlled county banks registered a net profit of RMB38 million.

9.6.2 Companies in which the Bank has shareholdings

As of June 30, 2019, there were 2 county banks in which the Bank has shareholdings, which were Zhongshan Xiaolan County Bank Co., Ltd. and Guixi Jiuyin County Bank Co., Ltd., respectively. The total assets of 2 county banks in which the Bank has shareholdings amounted to RMB4,097 million. The total loan amounted to RMB2,795 million. The deposits balance amounted to RMB3,291 million. In the first half of 2019, the 2 county banks in which the Bank has shareholdings registered a net profit of RMB28 million.

Management Discussion and Analysis

10. Development Strategy

2019 marks the 70th anniversary of the establishment of new China, it is a critical year in building a moderately prosperous society in all respects and realizing the first hundred years goal. It is also the first year for the Bank of Jiujiang being grown up and listed successfully. The Bank of Jiujiang has always been upholding its vision for development of “creating a branded bank and building a century-old store”, has been sticking to its core values of “customer goes first and compliance takes precedence, good faith being the base, be hardworking, be self-critical, be fair, efficient and flexible”, and has been considering high-quality development as the core subject according to the five development concepts – “innovation, green, coordination, opening, and sharing” – by revolving around supply-side structural reforms, focusing on quality optimization, efficiency improvement and motivation enhancement, adhering to promote transformation of operation, striving to develop innovation, comprehensively implementing the regional strategy of “two sides with one core”, the business strategy of “four wheels driven” and management strategy of “digital Jiuyin”, continuously enhancing the competitiveness from the core, and eventually marching towards the aim of “establishing an international first-class listed bank leading in the region with distinctive characteristics, adequate capital, strict internal control, safe operation, excellent service and efficiency”.

In 2019, under the guidance of Chairman Xi Jinping’s socialist ideology with Chinese characteristics in the new era, the Bank upheld the “four awarenesses”, determined on “four self confidence” and adhered to “two preservation”. The Bank fully implements the spirit of the 19th Party Congress, the spirit of Central Economic Work Conference and Provincial and Municipal Economic and Financial Work Conference, so as to adhere to the new development concept, serve the real economy closely, prevent and control financial risks, deepen the three tasks of financial reform, implement the regulatory requirements earnestly and drive the high quality development of Bank of Jiujiang. Meanwhile, the Bank further develops inclusive finance, actively participates in social welfare and consistently creates value for the society with its own power.

The first strategy is to operate in compliance with stability and characteristic. Compliance is always on our agenda, and complying with laws and regulations is always a prerequisite for business management. In 2019, the Bank not only has to innovate in the traditional banking business, but also gains breakthrough in distinctive business such as inclusive finance, green finance and automobile finance.

The second strategy is to improve wisdom and enhance efficiency, with emphasis on fast and flexible as well as service. The Bank will continue to strengthen party building leadership, improve corporate governance, rectify compliance, deeply promote the construction of a comprehensive risk management system and strengthen the role of audit supervision. Meanwhile, the Bank will further implement the strategy of intelligent efficiency improvement, so as to make the credit management faster and more flexible, financial management becomes more forward-looking, process operation becomes more efficient, technology support becomes more agile and to further enhance the human empowerment.

The third strategy is to exert the utmost effort, with striving and responsibility. The Bank must continue to carry forward the sense of responsibility of Jiuyin people as “loyal, clean and responsible” with structure, bottom line and collective in the heart. The Bank will work hard and keep up with the times as well as promote the high quality development, so as to establish an international first-class commercial bank with distinctive characteristics, adequate capital, strict internal control, safe operation, excellent service and efficiency.

11. Comprehensive risk management

Comprehensive risk management refers to setting up and improving the comprehensive risk management system covering various risk types according to the Bank’s development strategies and risk preferences, so as to implement risk management in an all-round and effective manner and ensure that development strategies and operation goals can be realized.

Our Bank has set up a comprehensive risk management organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the Implementation Level. The Board of Directors is the Bank’s highest decision-making body regarding risk management and takes the ultimate responsibility for our Bank’s comprehensive risk management. The Senior Management is fully liable for the implementation of comprehensive risk management, including setting up an operational management structure adapted to comprehensive risk management, with the roles and responsibilities of functional departments and business departments for risk management specified. A risk management operation mechanism featuring mutual coordination and effective cooperation has been established among various departments based on their roles and responsibilities.

Management Discussion and Analysis

During the reporting period, the Bank's Risk Management Committee under the Board of Directors performed its duty in a proactive manner, considered the 2018 Comprehensive Risk Management Report of Bank of Jiujiang Co., Ltd., the 2019 Comprehensive Risk Management Work Plan of Bank of Jiujiang Co., Ltd., the 2019 Risk Appetite Statement and Risk Limit Report of Bank of Jiujiang Co., Ltd. and various specific risk management reports, internal control evaluation and other proposals and reports, which have further improved our risk management mechanisms and implemented risk control and management responsibilities.

During the reporting period, our Bank continued to improve on the comprehensive risk management, and set up a risk management system that gradually met regulatory provisions and business demands increasingly well. Firstly, under the overall strategic objectives of the Bank's development, combined with the changes in the economic and financial environment and the changes of the Bank's operation and management, the Strategic Planning Report (2019-2021) of Bank of Jiujiang was drafted to improve the strategic leading role of business development and reduce the strategic risk; secondly, we formulated an annual comprehensive risk management work plan, and carried out overall planning according to the needs and resources of the operation and management of the Bank. Thirdly, we enhanced risk management information system development. In 2019, we carried out the construction of internal rating system for non-retail customers, the risk limit management, and the intelligent risk control platform to make efforts to elevate our measurement and control and management capabilities against risks. Fourthly, we conducted business continuity meetings frequently, discussed the business continuity plan of each system, and ensured the smooth launch of the 901 system. Fifthly, we formulated business inspection plans for each business line and conducted business inspections to ensure that no major operational risks occur.

During the reporting period, the Bank experienced no material risk incidents.

11.1 Credit risk management

Credit risk refers to the risk that incurs loss because of default of the debtor or counterparty, or reduction in their credit rating or performance capabilities. Primary sources of credit risks for our Bank are loans, investments, guarantees, commitments and other on-balance sheet and off-balance sheet credit businesses.

Our Bank has set up a credit risk management organizational structure comprising of the Board of Directors and the Risk Management Committee under it, the Senior Management, a three-level risk management departments and positions in Head Office level, branch level and sub-branch level, and a three-line defense including foreground, middleground and background. We also formed and suggested specific contents for credit risk management tailored to our Bank's management regulations and business processes.

During the reporting period, the Bank managed and controlled credit risk through the following measures: firstly, we launched two projects, the internal rating of non-retail customers, and the risk limit management, which provides a more scientific and reasonable method and systematic support for the measurement of credit risk, and provides a more feasible solution for the measurement and management of concentration risk; secondly, we implemented the Interim Management Measures for Large Exposures Risks of Bank of Jiujiang, and, in accordance with the requirements of the measures, performed regular statistical analysis and continuous monitoring on our bank-wide credit business, investment business, and off-balance sheet business as well as the concentration condition of credits granted to the customers, which have effectively put the concentration risk under control. Thirdly, we followed the requirements of the new standards of financial instruments and changed the accounting of allowances for impairment of asset businesses from combined accounting to case-by-case accounting to measure the allowance requirements of each debt more precisely. Fourthly, we continued to carry out the collection and disposal of non-performing assets, conduct weekly meetings on the collection and disposal of non-performing assets, announce the progress of disposal of non-performing assets, strengthen the efforts of asset collection and disposal, and reduce asset losses.

11.2 Market risk management

Market risk refers to the risk that incurs losses to a bank's on-balance sheet and off-balance sheet businesses due to adverse changes in interest rates, exchange rates and other market prices. Primary sources of market risks for our Bank are interest rate risks and exchange rate risks.

Our Bank has set up a market risk governance organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the Implementation Level. The Board of Directors is the highest decision-making body regarding market risk management and takes the ultimate responsibility for market risk management. The Senior Management is responsible for formulating and overseeing the execution of market risk management policies, and identifying market risk levels and management statuses in a timely manner, so as to identify, measure, monitor and control the market risks undertaken by various businesses in an effective manner. The Risk Management Department leads our Bank's market risk management, with the Financial Market Management Headquarters and the Trading and Financial Department supporting it in collaboration.

Management Discussion and Analysis

Interest rate risk

Interest rate risk refers to the risk exposure of our Bank's financial conditions to adverse changes in interest rates. Interest rate risk of our banking book primarily lies in the mismatch of maturity dates or the re-pricing dates of our interest rate-sensitive on- and off-balance sheet assets and liabilities. Maturity or re-pricing date mismatches may result in changes in net interest income and economic value which is affected by fluctuations of the prevailing interest rates. Our Bank is exposed to interest rate risk in our day-to-day lending and deposit-taking activities and our financial market business.

Our Bank manages our interest rate risk primarily through the adjustment of our asset and our liability structure. Our Bank is committed to adjusting our asset and liability structure by adjusting the interest rate maturity and pricing of our products, adjusting the transfer pricing of internal capital, developing new products and securitizing assets. Our Bank conducts maturity analysis upon the bond instruments in our investment portfolios and evaluates their potential price fluctuations through analysis of the sensitivity of the bonds' price against interest rate fluctuations. Our Bank primarily uses re-pricing gap analysis, revenue curve analysis, duration analysis, interest rate sensitivity analysis and stress testing to measure our Bank's risk exposure to potential interest rate changes.

Exchange rate risk

Exchange rate risk refers to the risk caused by the adverse impact on our Bank's foreign currency position and cash flow as a result of exchange rate fluctuations in our primary foreign currency. Our Bank's primary principle for controlling our exchange rate risk is to match assets with liabilities denominated in each currency and monitor our foreign currency exposure on a daily basis. Based on the relevant regulatory requirements and the management's decisions on the current situation, we seek to control our exposure to exchange rate risk by reasonably arranging our sources and use of funds denominated in foreign currencies to minimize the mismatches of assets and liabilities in different currencies. We also prevent currency exchange loss arising from exchange rate fluctuation through settlement and sales of foreign exchange in a timely manner under our prudent transaction strategy. In addition, our Bank imposes an exchange rate lock on the large transactions in foreign currencies and conducts regular re-evaluation on exchange rate translation for collaterals, and reduces losses from exchange rate risk through advance repayment or supplementary guarantee in a timely manner in the event of collateral devalue.

11.3 Operational risk management

Operational risk refers to risks caused by imperfect or problematic internal procedures, employees or information technology systems, as well as external incidents. Our Bank may be primarily exposed to the following categories of operational risks: internal fraud, external fraud, workplace safety incidents and information technology system incidents.

Our Bank has set up an operational risk governance organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the implementation level. The Board of Directors is our Bank's highest decision-making body regarding operational risk management. The Senior Management is responsible for executing operational risk management strategies, overall policies and systems approved by the Board of Directors. The Risk Management Department leads our Bank's operational risk management, with the Operation Management Department and other departments supporting it in collaboration.

During the reporting period, the Bank managed operational risk mainly through the following measures: Firstly, we formulated business inspection plans for credit management, risk management, operation management, etc. Through the self-inspection of each business operation organization and the on-site inspection work of the head office management organization, this can ensure no major operational risk occur; secondly, through various measures, such as case-by-case risk examination, self-examination of employees' behavior, training and examination, we have enhanced monitoring and examination of employees' behavior. A whistleblowing and examination system has been established with regard to abnormal behavior in order to standardize employee behavior, improve the professional ethics of our employees and reduce the operational risk.

11.4 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 expansion of business operations. Our Bank is exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions.

Management Discussion and Analysis

Our Bank's liquidity risk management organizational structure is composed of four levels, namely the Board of Directors and the Risk Management Committee under it, the Senior Management and the Asset and Liability Committee under it, as well as functional departments of the Head Office and business and operation departments. The Board of Directors is our Bank's highest decision-making body regarding liquidity risk management and takes the ultimate responsibility for liquidity risk management. The Senior Management is responsible for executing our Bank's liquidity risk management, formulating liquidity risk management policies and setting up internal control mechanisms. The Planning and Finance Department leads our Bank's liquidity risk management, with the Financial Market Management Headquarters and the Trading and Financial Department supporting it in collaboration. The Audit Department performs independent audit and supervision on our Bank's liquidity risk management activities.

During the reporting period, the Bank managed liquidity risk mainly through the following measures: Firstly, we improved related policies and basic standard and optimized organizational structures and procedures, and updated and revised the Liquidity Risk Contingency Plan of Bank of Jiujiang (2018 revision); secondly, we measured liquidity risks by enhancing position management on a day-to-day basis, supervision indicators as well as liquidity gap projection and limit management during special periods to ensure an outstanding performance in various indicators over regulatory requirements; thirdly, we launched quarterly pressure tests which showed that the shortest lifespan of our Bank is more than 30 days in a pressurized scenario, which indicated our pressure tolerance capacity is maintained at a favorable level; fourthly, we monitored the maturities of assets and liabilities and continued to optimize the maturity structure of assets and liabilities; fifth, we kept the total amounts and structures of assets and liabilities under control through the asset and liability management system to enhance our active management over liquidity risks and push for integration of risk management, profitability and resource allocation. Meanwhile, we adopted measures including setting up dedicated capital planning positions, a lead management department, execution and operation department and a liquidity risk contingency team to keep improving our liquidity risk management organizational structure and enhance effectiveness of liquidity risk management.

11.5 Compliance risk management

Compliance risk refers to the risk that may lead to legal sanctions, regulatory punishments, substantial financial and reputational losses because of a commercial bank's non-compliance with the laws, regulations and criteria.

Our Bank has set up a compliance risk governance organizational structure including a three-level compliance management departments and positions and a three-line defense including foreground, middleground and background, composed of the Board of Directors, the Senior Management as well as the Head Office and branches. We also established a compliance risk management organizational structure tailored to our Bank's asset scale, institution setting, business structure and operational objectives.

During the reporting period, the Board of Directors of the Bank considered the Proposal on Revising the Compliance Policy of Bank of Jiujiang, the Proposal on Deliberating on the 2018 Compliance Management Report of Bank of Jiujiang, and the Proposal on Deliberating on the 2018 Compliance Risk Management Audit Evaluation Report of Bank of Jiujiang, etc.

During the reporting period, the Bank managed and controlled compliance risk through the following measures: Firstly, we improved the structure and the compliance system. Adhering to the "grand compliance" work ideology and the "all-round compliance, all-in compliance and full-process compliance" management goal, our Bank kept making efforts in developing the compliance system. We set up compliance departments and designated dedicated compliance managers in branches and part-time compliance managers in departments of the Head Office and sub-branches under it to build up a compliance team composed of both full-time and part-time positions in both the Head Office and branches. Secondly, we established mechanisms and laid a solid compliance foundation. To further improve the standard abilities scientificity and meticulousness of our compliance risk control and management, we set up long-acting mechanisms for compliance risk monitoring, compliance risk alerting, regular tracking and rectification centering around the basic thinking of "lay stress on prevention, process and durable effectiveness" to precisely identify, timely forewarn and effectively handle compliance risks in business operation and development. Thirdly, we tightened up measures to improve compliance efficiency. To further manifest the value of compliance and play a facilitating role in compliance risk management to business operation and development, we remediated market disorders in depth, streamlined systems prudently, improved compliance evaluations continuously, moved all compliance checkpoints forward, and pushed for faster application of compliance management results to foster stable operating results through multiple measures.

11.6 Money laundering risk management

Our Bank strictly abides by laws and regulations such as the Anti-Money Laundering Act of the People's Republic of China, the Anti-Money Laundering Regulation for Financial Institutions, and the Management Measures on Reporting Large Transactions and Suspicious Transactions for Financial Institutions, and earnestly performed our anti-money laundering obligations while carrying out anti-money laundering campaigns in a solid and effective manner.

Management Discussion and Analysis

During the reporting period, the Bank managed money laundering risk mainly through the following measures: firstly, we improved our internal anti-money laundering control system, specified job responsibilities and standardized the work procedures; secondly, we established an anti-money laundering mechanism featuring “Head Office-branch direct communications and foreground-background interconnections”, as well as dedicated, case-by-case, and professional operation; thirdly, we adhered to the “risk-oriented” philosophy, based on the “reasonable doubt”, and stuck to “autonomous monitoring” and defined a monitoring and analysis model tailored to the characteristics of local corporate bodies and regional business features and improved our anti-money laundering monitoring and reporting system; fourthly, we enhanced the anti-money laundering inspection mechanism and combined on-site and off-site inspections to strengthen supervision and inspection and implemented the specific requirements for the anti-money laundering work; fifthly, we stepped up our efforts in organizing special training activities both in and out of the Bank adhering to the “go global and attracting foreign investment” training ideology to cultivate anti-money laundering talents; sixth, we stepped up our efforts the publicity efforts and utilized a wider range of publicity means, enriched forms of publicity, to fulfill our social responsibilities and carry out our anti-money laundering publicity work well.

11.7 Information technology risk management

Information technology risk refers to the operational, legal and reputational risks caused by natural and artificial factors, technical vulnerabilities and management defects during the application of information technology 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. Our information technology risk management framework, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense: The information technology department has assigned specific personnel to be responsible for the management of risks in relation to information and technology. The risk management department has assigned information technology risk management officers to the information technology department. The audit department has set up an information technology audit team to audit information technology-related matters. The pre-event, during-event and post-event risk prevention system is established.

During the reporting period, the Bank mainly adopted the following measures to improve the level of information technology risk management. Firstly, it is the information technology security management. The Bank mainly carried out work from security services, security threat analysis, security audit, network security governance, and new core project security. In June 2019, the special network security management team of “Guard Network 2019” was established, which conducted the self-inspection from the abovementioned aspects. The relevant self-inspection results have been considered and approved by the Information Technology Management Committee. Secondly, it is the information technology outsourcing management. In order to further strengthen the management of information technology outsourcing personnel, prevent outsourcing management risks, and at the same time combined with the current situation of information technology outsourcing of the Bank, the Information Technology Department of the Head Office revised the Management Measures for information technology outsourcing personnel of the Bank of Jiujiang in April 2019 and it was considered and approved by the 2019 first session of Information Technology Management Committee. Each year, the three lines of defense of the information technology department will select some outsourcing partners for conducting the on site assessment work of the outsourcing risk according to the self-inspection and assessment of the outsourcing risk of the information technology department. Thirdly, we launched risk education and training. We invited personnel from regulatory authorities and external technical experts to give lectures on site, interpret regulatory policies regarding information technology risks, explain new types of development models, exchange big data analysis technologies and consider the existing problems and network security aspect arising during our Bank’s day-to-day information technology system development. These measures are for the employees of the Bank to conduct security awareness training, and the Bank recorded video courses for the whole bank to learn and test, which effectively raised the employees’ information technology risk awareness.

11.8 Reputational risk management

Reputational risk refers to the risk of negative comments from relevant interested parties resulting from our Bank’s operation, management, and other activities or external events. Our Bank’s reputational risk management enhances the ability of prevention and resilience of public opinions and reputational risk management so as to further improve our reputational risk management system. Classification standards, subjects of accountability and management principles concerning reputational risk have been defined. Prevention, monitoring, reporting and handling of reputational risks have been improved so as to minimize the loss and negative impact on us caused by the reputational risk-related events and promote our sustainable and stable operation. During the reporting period, our Bank further stepped up its efforts in monitoring public opinions, managing and handling related events.

Management Discussion and Analysis

11.9 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. Our Bank's strategic risk management goals is 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.

Our Bank has established 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, 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. Risk identification includes identifying whether the strategic plan is scientific and reasonable, whether the plan has taken external business environment changes into consideration, whether the plan has covered the readiness and equipment of enough resources (including manpower, capital, management and IT resources) to support the execution of strategic decisions, whether an effective control mechanism over the strategy implementation process is in place, and whether any significant emergencies that affects the implementation of the strategy occurred, so as to ensure the consistency of the strategic plan with our Bank's development prospect and with our Bank's scale, risk preferences and portfolio complexity.

During the reporting period, our Bank's strategic risk level remained stable and under control overall, indicating our effective management over strategic risks. Next, our Bank plans to set up and improve our strategic risk evaluation system step-by-step and adopt reasonable methods to evaluate the likelihood and the extend of impact of strategic risk occurrences. We will also evaluate the strategic risks on a bank-wide regular basis which covers the following risk factors: the changes in the external environment, formulation of strategic plans, execution and control of strategic plans, resource allocation and emergencies.

Changes in Share Capital and Information on Shareholders

1. Changes in Share Capital

As at June 30, 2019, the Bank's total number of issued shares was 2,407,367,200, including 2,000,000,000 Domestic Shares and 407,367,200 H Shares.

In April 2019, the Bank received the approval from Jiujiang Branch of the China Banking and Insurance Regulatory Commission with respect to the change in the registered capital of the Bank from RMB2,000,000,000 to RMB2,407,367,200. Subsequently, the Bank completed the change in registered capital with respect to the global offering and the partial exercise of the over-allotment option. For details regarding the change in registered capital, please refer to the announcement published by the Bank on June 10, 2019.

During the reporting period, the Bank had no change in share capital.

31 December 2018					30 June 2019	
Share class		Number of shares (unit: shares)	Proportions (%)	Changes in shares during the reporting period (unit: shares)	Number of shares (unit: shares)	Proportions (%)
Domestic shares	State-owned shares	366,020,000	15.20	0	366,020,000	15.20
	State-owned legal person shares	451,721,736	18.76	0	451,721,736	18.76
	Social legal person shares	1,155,945,670	48.03	0	1,155,945,670	48.03
	Natural person shares	26,312,594	1.09	0	26,312,594	1.09
Overseas listed shares (H Shares)		407,367,200	16.92	0	407,367,200	16.92
Total		2,407,367,200	100.00	0	2,407,367,200	100.00

2. Shareholders

2.1 Total number of domestic shareholders as at the end of the reporting period

As at June 30, 2019, the Bank had 691 domestic shareholders in total, including 1 state-owned shareholder, 5 state-owned legal person shareholders, 59 social legal person shareholders and 626 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, 2019, the shareholdings of the top 10 Shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of shareholders	Class of Shares	Number of Shares Held (Unit: Share)	Approximate Percentage of Total Issued Share Capital of the Bank by the End of Reporting Period (%)	Shares pledged or frozen	
				Particulars of shares	Number of shares (Unit: Share)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20	Normal	–
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20	Normal	–
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23	Normal	–
Dasheng (Fujian) Agriculture Co., Ltd.	Domestic Shares	136,077,498	5.65	Pledged	136,070,000
				Frozen	136,077,498
Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	135,840,000	5.64	Normal	–
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	86,920,000	3.61	Pledged	84,292,010
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60	Pledged	86,653,080
Tellhow Group Limited	Domestic Shares	57,040,000	2.37	Pledged	51,000,000
Jiujiang Hehui Import & Export Co., Ltd.	Domestic Shares	56,392,500	2.34	Pledged	50,640,000
Jiujiang State-owned Assets Management Co., Ltd.	Domestic Shares	43,454,831	1.81	Normal	–
Total		1,628,817,909	67.66 ⁽¹⁾		

Note:

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

2.3 Interests and short positions of substantial shareholders in shares and underlying shares

As at June 30, 2019, so far as is known to the Bank and the Directors, 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 366 of the SFO were as follows:

Name of shareholders	Classes of shares	Number of shares (Unit: Share)	Nature of interest	Approximate	Approximate
				percentage of shareholding in the relevant class of share (%)	percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau ⁽²⁾	Domestic Shares	366,020,000(L) ⁽¹⁾	Beneficial Owner	18.30	15.20
Beijing Automotive Group Co., Ltd. ⁽³⁾	Domestic Shares	366,020,000(L) ⁽¹⁾	Beneficial Owner	18.30	15.20
Industrial Bank Co., Ltd. ⁽⁴⁾	Domestic Shares	294,400,000(L) ⁽¹⁾	Beneficial Owner	14.72	12.23
Dasheng (Fujian) Agriculture Co., Ltd. ⁽⁵⁾	Domestic Shares	136,077,498(L) ⁽¹⁾	Beneficial Owner	6.80	5.65
Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd. ⁽⁶⁾	Domestic Shares	135,840,000(L) ⁽¹⁾	Beneficial Owner	6.79	5.64
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400(L) ⁽¹⁾	Beneficial Owner	25.69	4.35
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400(L) ⁽¹⁾	Investment Manager	25.69	4.35
Chu Mang Yee ⁽⁷⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Sounda Properties Limited ⁽⁷⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development Holdings Limited ⁽⁷⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development International Limited ⁽⁷⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopeson Holdings Limited ⁽⁷⁾	H Shares	46,037,600(L) ⁽¹⁾	Beneficial Owner	11.30	1.91
Tan Huichuan ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Guangzhou Jinxiu Dadi Property Development Company Limited ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Guangzhou Jinxiu Investment Company Limited ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67

Changes in Share Capital and Information on Shareholders

Name of shareholders	Classes of shares	Number of shares (Unit: Share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share	Approximate percentage of total share capital of the Bank (%)
				(%)	Bank (%)
Zhaoqing Tiancheng Property Co., Ltd. ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Faithful Edge Limited ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Success Cypress Limited ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Beneficial Owner	9.90	1.67
Rong De Investment Limited ⁽⁹⁾	H Shares	33,308,200(L) ⁽¹⁾	Beneficial Owner	8.18	1.38
China International Capital Corporation (Hong Kong) Limited	H Shares	31,517,200(L) ⁽¹⁾	Interest of Controlled Corporation	7.74	1.31
China International Capital Corporation Hong Kong Securities Limited	H Shares	31,517,200(L) ⁽¹⁾	Person having a security interest in shares	7.74	1.31
China International Capital Corporation Limited	H Shares	31,517,200(L) ⁽¹⁾	Beneficial Owner	7.74	1.31
East System Investments Limited	H Shares	27,370,800(L) ⁽¹⁾	Beneficial Owner	6.72	1.14
Venfi Group Limited ⁽¹⁰⁾	H Shares	22,205,400(L) ⁽¹⁾	Beneficial Owner	5.45	0.92
Guangzhou R&F Properties Co., Ltd. ⁽¹¹⁾	H Shares	21,909,400(L) ⁽¹⁾	Beneficial Owner	5.38	0.91
R&F Properties (HK) Co., Ltd. ⁽¹¹⁾	H Shares	21,909,400(L) ⁽¹⁾	Interest of Controlled Corporation	5.38	0.91
COAST TOWN LIMITED	H Shares	20,418,800(L) ⁽¹⁾	Beneficial Owner	5.01	0.85

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Jiujiang Finance Bureau holds 366.02 million domestic shares of the Bank, which are state-owned shares, accounting for 15.20% 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 controlled an aggregate of 17.01% of the interest of the total issued share capital of the Bank. As of the end of the reporting period, both Jiujiang Finance Bureau and its concert parties did not pledge the equity of the Bank.

- (3) Beijing Automotive Group Co., Ltd. ("BAIC Group") holds 366.02 million domestic shares of the Bank, which are the state-owned legal person shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. Founded in 1958, BAIC Group is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company. The company's legal representative is Xu Heyi and its controlling shareholder is Beijing State-owned Capital Operation and Management Center. The actual controller and ultimate beneficial owner are the State-owned Assets Supervision and Administration Commission of Beijing Municipality. BAIC Group has no concert parties.
- (4) Industrial Bank Co., Ltd. ("Industrial Bank") holds 294.40 million domestic shares of the Bank, which are social legal person shares, accounting for 12.23% of the Bank's total share capital as of the end of the reporting period. Founded in August 1988 and 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. The company's legal representative is Gao Jianping. It has no controlling shareholder, concert parties and actual controller. The ultimate beneficial owner is Industrial Bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 50 banks in the world.
- (5) Dasheng (Fujian) Agriculture Co., Ltd. ("Dasheng Agriculture") holds 136.08 million domestic shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total issued share capital as of the end of the reporting period. Founded on May 18, 2006 and situated in Fuzhou city, Fujian province, with Lu Tingfu as its legal representative, Dasheng Agriculture was consecutively shortlisted as one of the Top 500 Chinese private enterprises from 2015 to 2017. The controlling shareholder is Shenzhen D.S. Agriculture and the actual controller and the ultimate beneficial owner are Lan Huasheng. The company has no concert parties.
- (6) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. ("Foshan Gaoming") holds 135.84 million domestic shares of the Bank, which are social legal person shares, accounting for 5.64% of the Bank's total issued share capital as of the end of the reporting period. In July 2019, Foshan Gaoming transferred its 40 million equity interests in the Bank, and after such transfer, held 95,840,000 shares, representing 3.98% of the total issued share capital of the Bank. Foshan Gaoming, with Luo Hanmin as its legal representative, was established in 2000 and is located in Foshan city, Guangdong province. The controlling shareholder, the actual controller and the ultimate beneficial owner are Lin Xin. Foshan Gaoming has no concert parties. The company is engaged in deposit receipt and deposit books printing, R&D and sales, and is the earliest 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 500 Printing Enterprises in Guangdong Province", and a "Garden-like Organization in Foshan City".

Changes in Share Capital and Information on Shareholders

- (7) Chu Mang Yee holds equity interests in 66,037,600 H shares of the Bank through a series of controlled corporations, of which 46,037,600 H shares held through Hopeson Holdings Limited and the remaining 20,000,000 H shares held through Sound Zone Properties Limited.
- (8) 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.
- (9) 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, Zhu Qingsong and Zhu Muzhi, respectively. It is principally engaged in investment holding business.
- (10) Venfi Group Limited is a company incorporated in Hong Kong and is wholly owned by Liu Yang. It is principally engaged in investment holding business.
- (11) R&F Properties (HK) Co., Ltd. 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.

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 5% or more of the Bank's shares

For details, please refer to “2.3 Interests and short positions of substantial shareholders in shares and underlying shares” of this section.

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

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
1	Jiujiang Finance Bureau	Jiujiang Financial Holdings Group Co., Ltd., Jiujiang Infrastructural Investment Limited, Jiujiang City Financial Enterprise Financial Services Co., Ltd., Jiujiang City Financial Investment Management Co., Ltd., Jiujiang Technology Investment Co., Ltd., Jiujiang Industrial Finance Guarantee Co., Ltd., Jiujiang State-owned Assets Management Co., Ltd. and Jiujiang Industrial Investment Co., Ltd., etc.
2	Beijing Automotive Group Co., Ltd.	BAIC Group Industrial Investment Co., Ltd., BAIC Group Finance Co., Ltd., Beijing Hyundai Motor Co., Ltd., Jiangxi Changhe Automobile Co., Ltd., Beijing Benz Automotive Co., Ltd., Beijing Xingdongfang Industry Co., Ltd., Beijing Automotive Industry Imp. & Exp. Co., Ltd., and Beijing Automotive Institute Co.,Ltd., Anpeng International Financial Leasing (Shenzhen) Co., Ltd., Beijing Beiqi Mould & Plastic Technology Co., Ltd., Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd., BAIC Yinxian Automobile Co.,Ltd., and Jiangxi Changhe Automobile Sales Co., Ltd. etc.
3	Industrial Bank Co., Ltd.	Industrial Bank Financial Leasing Co., Ltd., China Industrial International Trust Co., Ltd., CIB Fund Management Co., Ltd., Industrial Consumer Finance Co., Ltd., Industrial Economic Research Consulting Co., Ltd., Ciit Asset Management Co.,Ltd., Industrial Wealth Asset Management Co., Ltd., and Industrial Securities Co.,Ltd., etc.
4	Dasheng (Fujian) Agriculture Co., Ltd.	Dasheng Holdings Limited, Shenzhen Dasheng Agriculture Group Co.,Ltd., Major Linkage Ltd., and Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd., Anhui Huaxing Chemical Industry Company Limited, Ever Fortune Financial Leasing Co., Ltd., Shanghai Dasheng Agriculture Finance Technology Co., Ltd. and Gongqingcheng Dasheng Agriculture Wholesale One Investment Center (L.P.), etc.
5	Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd.	Foshan Gaoming Standard Spectrum Garden Co., Ltd., Foshan Gaoming Hengye Real Estate Co., Ltd., and Guigang Hengfu Real Estate Co., Ltd., etc.

Changes in Share Capital and Information on Shareholders

2.7 Other substantial domestic shareholders

According to the Interim Measures for the Equity Management of Commercial Banks of CBIRC (CBRC Order 2018 No. 1), substantial shareholders of a commercial bank means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impact on the business of the commercial bank. The significant impact mentioned above includes but not limited to dispatching directors, supervisors or senior management of a commercial bank.

Other than those disclosed in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group Co., Ltd., Industrial Bank Co., Ltd., Dasheng (Fujian) Agriculture Co., Ltd. and Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd., substantial domestic shareholder of the Bank who holds less than 5% of total capital or total shares but dispatch Supervisors to the Bank is Jiujiang Hehui Import & Export Co., Ltd. ("Jiujiang Hehui").

Jiujiang Hehui Import & Export Co., Ltd.

Jiujiang Hehui holds 56.3925 million domestic shares of the Bank, which are social legal person shares, accounting for 2.34% of the Bank's total issued share capital as of the end of the reporting period. The legal representative of Jiujiang Hehui is Zhang Jixiang, the controlling shareholders, the actual controllers, and the ultimate beneficial owners are Zhang Jixiang, Zhang Hengying and Zhang Shuying. Jiujiang Hehui has no concert parties. The main businesses of Jiujiang Hehui are import and export of various products as a self-operated dealer and an agent; sales of fuel oil, metal materials, steel, construction materials, instrumentation, machinery and spare parts; prepackaged food; sales of mineral product; waste material recycling.

The related parties of Jiujiang Hehui include Jiujiang Ship Trade Co., Ltd., Shanghai Huichuan Ship Materials Co., Ltd., Jiujiang Ship Materials Distribution Co., Ltd., Jiujiang Hehui Investment Real Estate Co., Ltd., Jiujiang Hehui Changhong Real Estate Co., Ltd., Shanghai Xianglong Investment Management Co., Ltd., and Jiujiang New Steel Metal Resources Co., Ltd..

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

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controller	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiujiang Finance Bureau	-	nil	-	nil	-	Jiujiang State-owned Assets Management Co., Ltd.	225.00	nil	-	Jiujiang Infrastructural Investment Limited	195.00	420.00
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality. Beijing Automotive Group Co., Ltd.	-	nil	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality. Beijing Automotive Group Co., Ltd.	-	BAIC Eternaland Heshun Property Co., Ltd. Anpeng International Financial Leasing (Shenzhen) Co., Ltd. Jiangxi Changhe Automobile Sales Co., Ltd. BAIC Group Industrial Investment Co., Ltd. BAIC Rocar (Tianjin) Import & Export Co. Ltd. Jiangxi Changhe Automobile Sales Co., Ltd. Baic Yinxian Automobile Co., Ltd. Beijing Beiqi Mould & Plastic Technology Co., Ltd. BAIC Pengyuan Automobile Sales & Service Co., Ltd.	1,200.00 700.00 560.14 210.00 130.00 125.26 102.00 91.82 15.00	3,134.22
3	Industrial Bank Co., Ltd.	-	nil	-	nil	-	nil	-	Industrial Bank Co., Ltd.	-	-	-	0.00
4	Dasheng (Fujian) Agriculture Co., Ltd.	-	Shenzhen D.S Agriculture	-	Lan Huashen	-	nil	-	Lan Huashen	-	Shanghai Dasheng Agriculture Finance Technology Co., Ltd. Anhui Huaxing Chemical Industry Company Limited Gongqingcheng Dasheng Agriculture Wholesale One Investment Center (L.P.) Ever Fortune Financial Leasing Co., Ltd.	387.99 272.82 44.00 3.81	708.62

Changes in Share Capital and Information on Shareholders

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controller	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
5	Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd.	220.00	Lin Xin	-	Lin Xin	-	nil	-	Lin Xin	-	-	-	220.00
6	Jiujiang Hehui Import & Export Co., Ltd	145.30	Zhang Jixiang, Zhang Hengying and Zhang Shuying	-	Zhang Jixiang, Zhang Hengying and Zhang Shuying	-	nil	-	Zhang Jixiang, Zhang Hengying and Zhang Shuying	-	-	-	145.30
Total		1,775.30		-		-		225.00		-	-	2,627.84	4,628.14

2.9 Pledge of equity in the Bank by substantial domestic shareholders

As of June 30, 2019, the pledge of equity in the Bank by substantial shareholders of the Bank is as follows:

- (1) Dasheng (Fujian) Agricultural Co., Ltd. held 136,077,498 shares of the Bank and pledged 136,070,000 shares, with a pledge rate of 99.99%.
- (2) Jiujiang Hehui Import & Export Co., Ltd. held 56,392,500 shares of the Bank and pledged 50,640,000 shares, with a pledge rate of 89.80%.

2.10 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Zeng Huasheng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Zhang Jianyong as a Director of the Bank;
- (3) Industrial Bank Co., Ltd. nominated Li Jianbao as a Director of the Bank;
- (4) Dasheng (Fujian) Agriculture Co., Ltd. nominated Lu Tingfu as a Supervisor of the Bank;
- (5) Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd. nominated Yi Zhiqiang as a Director of the Bank; and
- (6) Jiujiang Hehui Import & Export Co., Ltd. nominated Liao Jingwen as a Supervisor of the Bank.

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

As of the end of the reporting period, the Bank issued a total of 2,407,367,200 Shares, 609,736,212 of which held by 32 Domestic Shareholders were pledged, accounting for 25.33% of the Bank's total issued capital.

Changes in Share Capital and Information on Shareholders

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

- (1) As of the end of the reporting period, the Bank had a total of 609,736,200 Domestic Shares which were pledged and held by 32 domestic Shareholders, accounting for 25.33% of the Bank's total shares; 148,577,000 pledged shares were judicially frozen; and 0 share was judicially auctioned⁽¹⁾.
- (2) According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the Shareholders' General Meeting. As of the end of the reporting period, the number of Domestic Shares pledged by 30 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 633,474,350 shares were restricted, accounting for 26.31% of the total shares.

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

The Bank or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Bank during the reporting period.

Note:

- (1) As of the date of this report, 120.84 million shares of the Bank, which were held by Dasheng Agriculture, were pledged and involved in judicial auctions.

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

1. Current Directors, Supervisors and Senior Management

Directors

Name	Former name	Gender	Age	Position	Terms of appointment	Number of shares held (Unit: Share)
LIU Xianting		Male	58	Chairman of the Board of Directors and Executive Director	May 2017 – May 2020	500,000
PAN Ming		Male	44	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	May 2017 – May 2020	224,910
CAI Liping (蔡麗平)	CAI Liping (蔡麗萍)	Female	55	Executive Director and Vice President	May 2017 – May 2020	500,000
ZENG Huasheng		Male	55	Non-executive Director	May 2017 – May 2020	Nil
ZHANG Jianyong		Male	43	Non-executive Director	August 2017 – May 2020	Nil
LI Jianbao		Male	45	Non-executive Director	August 2017 – May 2020	Nil
YI Zhiqiang		Male	60	Non-executive Director	May 2017 – May 2020	Nil
CHUA Alvin Cheng-Hock		Male	61	Independent Non-executive Director	August 2017 – May 2020	Nil
GAO Yuhui		Female	69	Independent Non-executive Director	August 2017 – May 2020	Nil
QUAN Ze		Male	47	Independent Non-executive Director	August 2017 – May 2020	Nil
YANG Tao		Male	45	Independent Non-executive Director	August 2017 – May 2020	Nil

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

Supervisors

Name	Former name	Gender	Age	Position	Terms of appointment	Number of shares held (Unit: Share)
LUO Xinhua		Male	59	Chairman of the Board of Supervisors	May 2017 – May 2020	411,600
LU Tingfu		Male	49	Supervisor	May 2019 – May 2020	Nil
GUO Jiequn		Male	48	Supervisor	May 2017 – May 2020	Nil
CHEN Chunxia		Female	55	Supervisor	May 2017 – May 2020	Nil
LIAO Jingwen		Female	34	Supervisor	May 2017 – May 2020	14,000
DAI Wenjing		Female	46	Supervisor and Vice General Manager of the Audit Department	May 2017 – May 2020	55,125

Senior Management

Name	Former name	Gender	Age	Position	Number of shares held (Unit: Share)
PAN Ming		Male	44	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	224,910
CAI Liping (蔡麗平)	CAI Liping (蔡麗萍)	Female	55	Executive Director and Vice President	500,000
TONG Faping		Male	46	Vice President and Board Secretary	379,291
WANG Kun		Male	43	Vice President	434,588
XIAO Jing		Male	42	Vice President and Chief Information Officer	55,566
HUANG Chaoyang		Male	49	Assistant to President	500,000
QI Yongwen		Male	48	Director of Retail Banking and President of Shangrao Branch	249,900
CHEN Luping		Male	53	Director of Small-enterprise Credit	331,100
XU Cao		Male	51	Assistant to President and President of Fuzhou Branch	217,560
WANG Yuanxin		Male	52	Assistant to the President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500
CAI Jianhong		Male	50	Assistant to President	16,170
WANG Li		Female	55	Assistant to President	Nil

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

2. Changes in Directors, Supervisors and Senior Management during the Reporting Period

During the reporting period, Ms. Qiu Jian has resigned as a Shareholder Supervisor of the Bank on May 21, 2019 due to work rearrangement. Meanwhile, upon the consideration and approval at the 2018 Annual General Meeting of the Bank convened on May 21, 2019, Mr. Lu Tingfu was elected as the Shareholder Supervisor of the Bank. The term of office commenced from the date of the consideration and approval by the Annual General Meeting until the expiry date of the 5th session of the Board of Supervisors.

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

3. Changes in Biographies of Directors, Supervisors and Senior Management during the Reporting Period

3.1 Changes in Biographies of Supervisors

During the reporting period, Ms. Qiu Jian resigned as a Supervisor of the Bank and Mr. Lu Tingfu was elected as a Shareholder Supervisor of the Bank. For details, see “2. Changes in Directors, Supervisors and Senior Management during the Reporting Period” in this section.

Mr. Lu Tingfu (盧挺富先生) held a number of positions of Fujian Textile and Chemical Fiber Group Co., Ltd. (福建紡織化學集團有限公司), including assistant finance manager, finance manager and auditor from July 1993 to October 2010. Mr. Lu Tingfu acted as the vice general manager of Shenzhen Dasheng Agriculture Group Co., Ltd. (深圳市大生農業集團有限公司) from January 2014 to February 2019, acts as the legal representative of Dasheng (Fujian) Agriculture Co., Ltd. (大生(福建)農業有限公司) from May 2014 up to now, and the general manager of Shenzhen Dasheng Agriculture Group Co., Ltd. from March 2019 up to now.

Mr. Lu Tingfu graduated from South China Institute of Tropical Crops (華南熱帶作物學院) (now known as Hainan University(海南大學)) majoring in economics and management in June 1993.

3.2 Changes in Biographies of Senior Management

During the reporting period, Mr. Qi Yongwen, the director of retail banking of the Bank, was newly appointed as the president of Shangrao Branch. With regard to this appointment, the Bank has filed a report with the local CBIRC office in June 2019, and its information is updated as follows:

Mr. Qi Yongwen (齊永文), aged 48, is the director of retail banking of the Bank and the president of Shangrao Branch.

Mr. Qi served as a software engineer of the computer department of Jiujiang Branch of China Construction Bank from January 1994 to January 2001; and deputy general manager of technology department of Jiujiang City Commercial Bank from January 2001 to January 2006. He served as general manager of the information technology department of the Bank from February 2006 to February 2011; the information director (chief information officer) of the Bank from February 2011 to April 2013; the information director (chief information officer) and president of Guangzhou Branch of the Bank from April 2013 to June 2013; assistant to president of the Bank and president of the Guangzhou Branch from June 2013 to January 2016 and the assistant to president of the Bank from January 2016 to September 2016. He was the director of retail banking of the Bank from September 2016 to June 2019, Mr. Qi has been appointed as the director of retail banking of the Bank and the president of Shangrao Branch since June 2019.

Mr. Qi graduated from the School of Computer Science of Shandong University (山東大學計算機科學系) with a major in computer applications and was conferred a bachelor's degree of science by such university in July 1992. He obtained an MBA degree from Zhongnan University of Economics and Law (中南財經政法大學) in December 2008.

From the end of the reporting period until the date of this report, except for the above-mentioned matters, there were no change in biographies of Directors, Supervisors and senior management of the Bank.

4. Company Secretary

In July 2019, Ms. Ng Wing Yan has resigned as the joint company secretary of the Bank and agent for the acceptance on delivery of service of process or notice of the Bank in Hong Kong under the Company Ordinance (Chapter 622 of the Laws of Hong Kong). At the same time, upon the consideration and approval at the 12th meeting of the fifth session of the Board, Ms. Fok Po Yi was appointed as one of the Joint Company Secretaries and Service of Process Agent. For details of the changes, please refer to the announcement published by the Bank on July 5, 2019.

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 for the relevant employees (as defined under the Listing Rules) of the Bank, 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 period from January 1, 2019 to June 30, 2019. 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	Class of Shares	Nature of interest	Number of shares (Unit: Share)	Approximate percentage of the total issued share capital of the relevant class of the Bank (%)	Approximate percentage of total issued share capital of the Bank (%)
LIU Xianting	Chairman of the Board of Directors and Executive Director	Domestic Shares	Beneficial Owner	500,000	0.03	0.02
PAN Ming	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Domestic Shares	Beneficial Owner	224,910	0.01	0.01
CAI Liping	Executive Director and Vice President	Domestic Shares	Beneficial Owner	500,000	0.03	0.02
LUO Xinhua	Chairman of the Board of Supervisors	Domestic Shares	Beneficial Owner	411,600	0.02	0.02
DAI Wenjing	Supervisor and Vice General Manager of the Audit Department	Domestic Shares	Beneficial Owner	55,125	0.00	0.00
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

Interests in Associated Corporations (Long Positions)

Name	Position	Associated Corporation	Nature of interest	Number of shares (Unit: Share)	Approximate percentage of share capital (%)
LIU Xianting	Chairman of the Board of Directors and Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	125,000	0.25
	Director	Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	100,000	0.50
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	250,000	0.50
PAN Ming	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	125,000	0.25
	Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾		Beneficial Owner	100,000	0.50
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	250,000	0.50
CAI Liping	Executive Director and Vice President	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	100,000	0.20
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	100,000	0.20
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	80,000	0.40
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	160,000	0.40
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	200,000	0.40

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

Name	Position	Associated Corporation	Nature of interest	Number of shares (Unit: Share)	Approximate percentage of share capital (%)
LUO Xinhua	Chairman of the Board of Supervisors	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	100,000	0.20
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	100,000	0.20
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	80,000	0.40
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	160,000	0.40
		Fenxi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	200,000	0.40
DAI Wenjing	Supervisor and Vice General Manager of the Audit Department	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
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	30,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	60,000	0.15
		Fenxi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	75,000	0.15
LIAO Jingwen	Supervisor	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
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	20,000	0.10
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	40,000	0.10
		Fenxi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	50,000	0.10

Notes:

- (1) The Bank holds 35.0% of equity interests and 53.9% 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 35.0% of equity interests and 54.0% 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 35.0% of equity interests and 54.2% of voting rights of Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (4) The Bank holds 35.0% of equity interests and 54.8% 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.
- (5) The Bank holds 35.0% of equity interests and 54.8% of voting rights of Fenxi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.

7. Positions Held by Directors, Supervisors and Senior Management in County Bank

Ms. Liao Jingwen, Supervisor of the Bank, serves as the chairperson of the board of supervisors of Xiushui Jiuyin County Bank, the chairperson of the board of supervisors of Guixi Jiuyin County Bank, the director of Jingdezhen Changjiang Jiuyin County Bank, the director of Lushan Jiuyin Yishu County Bank and the director of Hukou Jiuyin County Bank.

Mr. Huang Chaoyang, Assistant to President of the Bank, serves as the director of Beijing Daxing Jiuyin County Bank.

Mr. Wang Yuanxin, Assistant to President of the Bank, serves as the chairman of the board of directors of Beijing Daxing Jiuyin County Bank.

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

8. Information on Employees

8.1 Composition of personnel

By department/function

	As at June 30, 2019	
	Number of staff	Percentage of total (%)
Corporate banking	559	14.69
Retail banking	790	20.76
Inclusive financial business	63	1.66
Financial market business	32	0.84
Finance and accounting	287	7.54
Risk management, internal control and audit	178	4.68
Legal and compliance, human resources and information technology	251	6.60
Management	88	2.31
Teller	918	24.13
Jiuyin county bank	562	14.77
Others	77	2.02
Total	3,805	100.00

By age

	As at June 30, 2019	
	Number of staff	Percentage of total (%)
Aged 30 or below	2,747	72.19
Aged 31 – 40	862	22.65
Aged 41 – 50	176	4.63
Aged 51 or above	20	0.53
Total	3,805	100.00

By education level

	As at June 30, 2019	
	Number of staff	Percentage of total (%)
Master's degree and above	396	10.41
Undergraduate and junior college	3,396	89.25
Others	13	0.34
Total	3,805	100.00

8.2 Staff training plan

In order to continue to develop as a learning organization and to help our employees to become professional, resourceful and career-oriented managers, the Bank implemented the concepts of “self-training, self-enhancing, self-criticizing and self-improving”, ability to self-taught through works and duties, fully integrating its business development needs, formulating reasonable learning plans and adopting various methods of online and offline to carry out learning empowerment.

The Bank continuously improved the new employee learning system, including training, counter preparation, counter internship, business preparation, business practice, etc. The learning curriculum includes cultural integration, general knowledge, business foundation and so on. During the reporting period, the Bank organized 3 sessions of new employee learning activities, with a total of 184 new employees. The staff learnt to take full advantage of our online and offline learning environment and fully utilize spare time from work to learn new policies and new concepts each week. The staff actively participated in the ability improvement learning activities organized by the functions. During the reporting period, the Bank carried out 124 sessions of intensified learning in 15 functions; organized 7 sessions of off-the-job intensified learning, covering 1,683 people. Our county banks organized 24 sessions of training in total, covering more than 700 people.

8.3 Staff remuneration policies

In order to enhance our competitive strengths and establish a scientific incentive and governance mechanism, and at the same time so as to realize the human resources concept of a “bank with a human touch” and optimize our comprehensive welfare protection system, the Bank amended and improved the remuneration and welfare policy in 2018, as well as amended and issued the Remuneration Management System of the Personnel of Bank of Jiujiang and Welfare Management Measures of the Employees of Bank of Jiujiang, establishing a corresponding welfare security system and better stimulating the enthusiasm and cohesiveness of employees. Our remuneration policy adhered to the principle of “efficiency, fairness, flexibility and business-orientation”. We established a remuneration system connecting job ranking with score and connecting the job title with performance. Remuneration are fully used for the purpose of incentivisation, governance, and protection, fostering the organic alignment of value creation, evaluation and allocation. Meanwhile, a salary deferred payment system linking the performance salary of employees in key positions with the business risk exposure as well as the Provisional Measures on the Administration of the Deferred Payment Remuneration of the Employees of Bank of Jiujiang, were strictly implemented. The deferred payment remuneration adopted a corresponding recourse and deduction system in accordance with the risk exposure during the practice period.

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

9. Basic Information of Institutions under the Bank

As at June 30, 2019, we operated our business through our operation department of head office in Jiujiang, 13 branches and 252 sub-branches which consisted of 147 traditional sub-branches, 93 community sub-branches and 12 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. We plan to steadily expand our distribution network to all major cities in Jiangxi Province. In addition, we controlled and consolidated 18 Jiuyin County Banks as at June 30, 2019.

Status of the branches of the Bank as of June 30, 2019 is set out below:

District	Name of institution	Operating address	Remark	Count
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No.619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 39 traditional sub-branches, 16 community sub-branches	56
	Nanchang Branch	No.1398 Hongguzhong Avenue, Donghu District, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang River New Area Branch	528 Shuanggang W St, Economic and Technological Development Zone, Nanchang City, Jiangxi Province	1 branch, 1 small and micro enterprises sub-branch	2
	Ji'an Branch	196 Jinggangshan Avenue, Jizhou District, Ji'an City, Jiangxi Province	1 branch, 14 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	24

District	Name of institution	Operating address	Remark	Count
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Rd, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 13 traditional sub-branches, 10 community sub-branches, 2 small and micro enterprises sub-branches	26
	Fuzhou Branch	1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 11 traditional sub-branches, 9 community sub-branches	21
	Yichun Branch	587 Luzhou N Rd, Yichun, Jiangxi Province	1 branch, 12 traditional sub-branches, 3 community sub-branches, 3 small and micro enterprises sub-branches	19
	Shangrao Branch	1-1, 2-1, 3-1, 4-1, 5-1, 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch, 11 traditional sub-branches, 6 community sub-branches	18
	Jingdezhen Branch	197 Licun Garden, Jingdezhen City, Jiangxi Province	1 branch, 6 traditional sub-branches, 5 community sub-branches	12
	Pingxiang Branch	121 Yuejin N Rd, Pingxiang, Jiangxi Province	1 branch, 5 traditional sub-branches, 2 community sub-branches	8
	Xinyu Branch	720 Xianlai E Ave, Xinyu City, Jiangxi Province	1 branch, 2 traditional sub-branches, 3 community sub-branches, 1 small and micro enterprises sub-branch	7

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

District	Name of institution	Operating address	Remark	Count
	Yingtian Branch	Bank of Jiujiang Mansion, south of Wei Wu Rd and north of Binjiang Rd, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 3 traditional sub-branches, 1 community sub-branch, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Rms 106, 107 and 108, 108, Huangpu W Ave, Tianhe District, Guangzhou, Guangdong Province	1 branch, 9 traditional sub-branches, 7 community sub-branches	17
	Nansha Sub-branch in Guangdong Pilot Free-Trade Zone	Rms 105, 401, 402, 403, 404, 405, 406 and 407, 106 (Self-named floor 1) Fengze E Rd, Nansha District, Guangzhou City	1 sub-branch	1
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, 10 traditional sub-branches, 6 community sub-branches	17
Total				266

Corporate Governance

1. Overview of Corporate Governance

The Bank has been improving its corporate governance and making proactive explorations, in view of its actual situations, in corporate governance structures, decision-making rules and procedures, stimulation and restriction mechanisms, risk management and internal control, external governance systems, and enhancement of the leadership of the Communist Party of China in accordance with laws and regulations concerning corporate governance, such as the Company Law and the Corporate Governance Guidelines for Commercial Banks, and under supervision and leadership of competent supervision unit.

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 25 meetings during the reporting period, including 2 general meetings of shareholders, 3 meetings of the Board of Directors, 15 meetings of special committees under the Board of Directors, 3 meetings of the Board of Supervisors and 2 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 the Corporate Governance Code in Appendix 14 to the Listing Rules and, where appropriate, adopted the proposed best practices.

3. Holding of general meetings of shareholders

The Bank held 2 general meetings of shareholders during the reporting period. On March 7, 2019, the Bank convened the First Extraordinary General Meeting, Domestic Shareholders Class Meeting and H Shareholders Class Meeting of 2019, among which the First Extraordinary General Meeting of 2019 deliberated on a total of 12 proposals including the "Proposal of changes in registered capital", the First Domestic Shareholders Class Meeting of 2019 deliberated on a total of 2 proposals including the "Proposal of Deliberating on non-public Issuance of offshore preference shares of Bank of Jiujiang Co., Ltd.", and the First H Shareholders Class Meeting of 2019 deliberated on a total of 2 proposals including the "Proposal of Deliberating on non-public Issuance of offshore preference shares of Bank of Jiujiang Co., Ltd.".

On May 21, 2019, the Bank convened the 2018 Annual General Meeting, and deliberated on a total of 18 proposals, including the "Proposal of Deliberating on the 2018 Annual Director's Report of Bank of Jiujiang Co., Ltd.".

Corporate Governance

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 Board of Directors and its special committees

During the reporting period, the Board of Directors held 3 meetings, deliberated on and adopted a total of 59 proposals. The special committees under the Board of Directors held 15 meetings, including 3 meetings of the Risk Management Committee, 3 meetings of the Audit Committee, 3 meetings of the Related Party Transactions Control Committee, 3 meetings of the Strategy Committee, 2 meetings of the Nomination and Remuneration Committee and 1 meeting of the Consumer Rights Protection Committee, and deliberated on and adopted a total of 51 proposals.

5. Amendments to the Articles of Association

During the reporting period, the Bank amended certain provisions of the Articles of Association in order to reflect the changes in the total issued share capital of the Bank following the completion of Global Offering and the partially exercise of the Over-Allotment Option. The amendment has been considered and approved by the Board of Directors and Shareholders' General Meeting. The relevant amendment has been filed for registration at the CBIRC Jiangxi Bureau and Jiujiang Market Supervision and Management Bureau. For details of the amendment, please refer to the announcement published by the Bank on June 10, 2019.

In addition, the Bank amended certain provisions of the Articles of Association, in order to fully implement the relevant requirements of the regulatory authority about the certain provision of the Interim Measures for the Equity Management of Commercial Banks to be included in the Articles of Association as well as the need of establishing the Consumer Rights Protection Committee. The amendment has been considered and approved by the Board of Directors and Shareholders' General Meeting. The amendment has been approved by the CBIRC Jiangxi Bureau and filed for registration at Jiujiang Market Supervision and Management Bureau. For details of the amendment, please refer to the announcement published by the Bank on June 19, 2019.

6. Internal control and internal audit

6.1 Internal control

During the reporting period, the Bank set up a well-designed and encompassing internal control system for the purpose of enhancing the Bank's risk control, improving customer services and promoting sustainable development.

The Bank built up a modern corporate governance structure with the general meeting of shareholders as the body of power, the Board of Directors as the decision-making body, the Board of Supervisors as the supervisory body, and the management as the executive body, creating a sound internal control environment. Meanwhile, it improved its internal control system. The system was structured on the Basic Internal Control System of Bank of Jiujiang, Compliance Policies of Bank of Jiujiang Co., Ltd., and Authorization Management Measures for Legal Persons of Bank of Jiujiang, and dominated by business management (product) measures and operating instructions of various business lines and departments.

The Bank laid stress on inspection and evaluation, and effectively supervised and corrected any problems found. It kept enhancing inspection effort targeting specific business development statuses and existing risks. During the reporting period, each functional department of the Head Office conducted various aspects of internal control compliance review such as credit management, risk management and compliance management on 13 branches respectively. Meanwhile, the Bank adopted the COSO framework and carried out internal control evaluation in light of the five elements determined by the Internal Control Guidelines for Commercial Banks and Internal Evaluation Measures for Commercial Banks, namely internal control environment, risk identification and evaluation, internal control measures, information exchange and feedback, and supervision, evaluation and correction. It included key problems found during internal audit and regulator inspection into the Problem Library and Records of Implementing Supervision Opinions, enforced pertinent rectifications by means of site correction, follow-up, and coordinated supervision over follow-up audit, which had improved internal control in a sustainable manner.

Corporate Governance

6.2 Internal audit

Effective internal audit is of vital importance for ensuring sustainable development of the Bank's business operation. 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 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. Our audit covers a comprehensive range of areas including our business operations, risk management, internal control and corporate governance. The Bank sticks to the principles of independence and objectivity throughout the internal audit work.

The Bank has established a vertical and independent internal audit organizational structure which is led by its Board of Directors and comprises the audit committee and the audit department of the head office. The Board of Directors of the Bank has an Audit Committee responsible for reviewing and approving the relevant regulations and reports related to internal audit, as well as approving long-term and annual audit plans and providing guidance, assessment and evaluation for internal auditing. The Audit Committee is supervised by the Board of Directors and reports to it when appropriate. The audit department of the head office is an internal audit department of the Bank. The audit department reports audit work to the Audit Committee on a regular basis. Pursuant to the internal and external requirements, it assumes responsibilities dominated by formulating and implementing medium- to long-term plans as well as annual audit plans, organizing and performing subsequent audit work, evaluating the rectifications and being responsible for the quality of the audit project.

According to the requirements of the Board of Directors, the Board of Supervisors and regulatory departments, the audit department makes annual internal audit plans taking nature of business, risk profile, management requirements and the allocation of audit resources into consideration, reports them to the Audit Committee for approval, and implements the plans upon approval. The Bank conducts special audits centering on various risks such as credit risk, market risk, operational risk and information technology risk, and also conducts audits on commission upon our senior management's economic liabilities during their tenure. The Bank usually carries out internal audit in the combination forms of site audit and off-site audit. The audit procedure is made up of the preparatory stage, the implementation stage, the reporting and opposition processing stage, the rectification and follow-up audit stage as well as the archiving stage. The audit report covers various contents such as the objective, scope, basis, findings, conclusions and recommendation of audit. In order to ensure and improve the audit effectiveness, the audit department established the auditing result utilization mechanism to continuously follow up the rectifications of auditees, and ascertain corresponding responsibilities in a timely manner. Regarding the typicality, universality and tendency problems found by internal audit, the audit department urged the Bank to formulate and improve the relevant management systems and establish sound internal control measures.

Significant Issues

1. Profits and dividends

The income and financial position of the Bank for the six months ended June 30, 2019 are set out in the interim financial statement of this interim report. The Bank did not recommend the payment of interim dividend for the six months ended June 30, 2019.

2. Material related party transactions

During the reporting period, no material related party transactions that adversely impact the Bank's operation performance and financial status occurred.

3. Material lawsuits and arbitration matters

During the reporting period, the Bank was not involved in any lawsuits and arbitration that had a material impact on the business activities of the Bank.

4. Punishment against the Bank and its Directors, Supervisors and senior management

During the reporting period, the Bank, as well as its Directors, Supervisors and senior management of the Bank were neither under any investigation, administrative penalty or open criticism by CSRC, nor under any public censure by any stock exchange or punishment by any other regulators which has a material effect on our operation.

5. Significant contracts and their performance

During the reporting period, the Bank was not involved in any significant contracts that it must perform.

6. 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.

7. Share incentive plans and specific implementation during the reporting period

The Bank did not implement any share incentive plan during the reporting period.

Significant Issues

8. Appointment of auditor

The Bank held the 2018 annual general meeting of shareholders on May 21, 2019, which approved the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas financial report auditors of the Bank respectively in 2019.

9. Acquisition and disposal of assets and merger

During the reporting period, the Bank was not involved in any significant acquisition, disposal of assets or merger.

10. Review of interim report

The interim financial report disclosed in this interim report is unaudited. Deloitte Touche Tohmatsu has reviewed the interim financial statement for the six months ended June 30, 2019, which was prepared by the Bank in accordance with the International Financial Reporting Standards, following relevant review standards, and issued the auditors' review report with a clean opinion.

On August 30, 2019, the Audit Committee of the Bank had reviewed and confirmed the interim results announcement of the Bank for the six months ended June 30, 2019, the 2019 interim report, as well as the unaudited interim financial statement for the six months ended June 30, 2019 which was prepared in accordance with the requirements of the International Financial Reporting Standards.

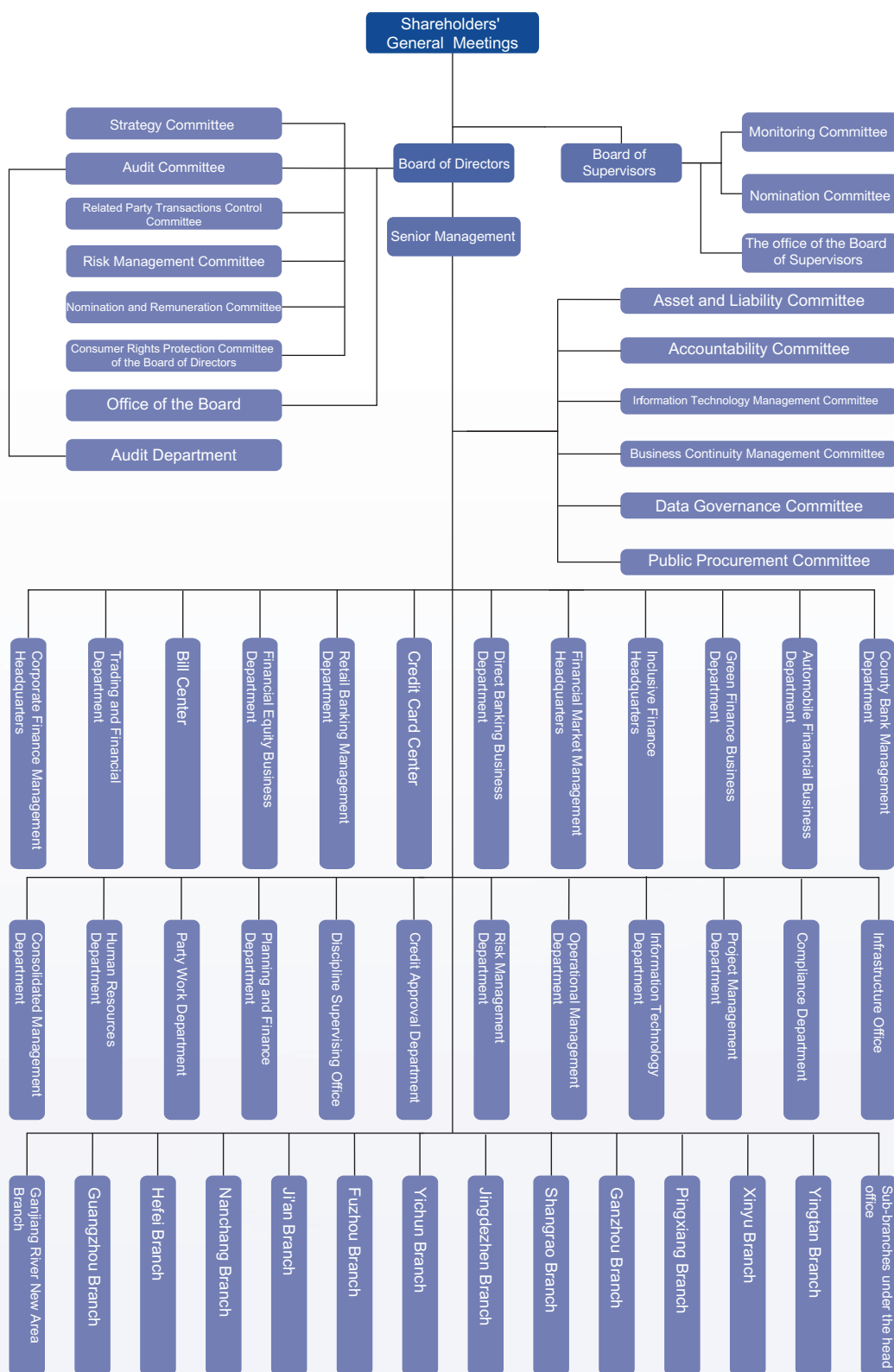
11. Interim results

The interim results announcement of the Bank for the six months ended June 30, 2019 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, 2019.

12. Event after the period

The Bank has no significant discloseable subsequent event after June 30, 2019.

Organizational Chart



Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF BANK OF JIUJIANG CO., LTD

Introduction

We have reviewed the condensed consolidated financial statements of Bank of Jiujiang Co., Ltd (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 95 to 144, which comprise the condensed consolidated statement of financial position as of June 30, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 30, 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	Six months ended June 30,	
		2019 (Unaudited)	2018 (Unaudited)
Interest income	6	7,323,561	5,562,582
Interest expense	6	(3,980,462)	(3,421,587)
Net interest income	6	3,343,099	2,140,995
Fee and commission income	7	276,408	215,892
Fee and commission expense	7	(132,867)	(77,887)
Net fee and commission income	7	143,541	138,005
Net gains arising from financial assets	8	1,193,943	1,208,014
Other income, gains or losses	9	(10,089)	(16,635)
Operating income		4,670,494	3,470,379
Operating expenses	10	(1,173,830)	(1,015,311)
Impairment losses under expected credit loss model, net of reversal	11	(2,172,451)	(1,154,686)
Share of profit or loss of associates		6,765	8,921
Profit before tax		1,330,978	1,309,303
Income tax expense	12	(245,027)	(253,453)
Profit for the period		1,085,951	1,055,850
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt instruments measured at fair value through other comprehensive income		15,282	493,364
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income		1,065	15,587
Impairment loss recognized on financial assets measured at fair value through other comprehensive income		14,946	–
Income tax relating to items that may be reclassified to profit or loss		(7,823)	(127,238)
Other comprehensive income for the period, net of tax		23,470	381,713
Total comprehensive income for the period		1,109,421	1,437,563
Profit for the period attributable to:			
Shareholders of the Bank		1,063,846	1,035,866
Non-controlling interests		22,105	19,984
		1,085,951	1,055,850
Total comprehensive income attributable to:			
Shareholders of the Bank		1,090,525	1,417,579
Non-controlling interests		18,896	19,984
Total comprehensive income for the period		1,109,421	1,437,563
Earnings per share			
(Expressed in RMB Yuan per share) - Basic	13	0.44	0.52

Condensed Consolidated Statement of Financial Position

(Amounts in thousands of Renminbi, unless otherwise stated)

	NOTES	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
ASSETS			
Cash and balances with central bank	15	30,507,251	28,436,935
Deposits with banks and other financial institutions	16	2,025,454	1,634,278
Placements with banks and other financial institutions	17	4,250,406	2,818,256
Financial assets held under resale agreements	18	8,914,933	13,954,100
Loans and advances to customers	19	156,275,891	137,148,201
Investment securities	20	147,680,988	120,055,806
Interests in associates	21	119,507	117,742
Property and equipment	22	2,515,300	2,514,181
Right-of-use assets	23	381,675	–
Deferred tax assets	24	1,661,091	1,659,174
Other assets	25	3,267,887	3,283,838
Total assets		357,600,383	311,622,511
LIABILITIES			
Borrowings from central bank		3,129,910	3,167,719
Deposits from banks and other financial institutions	26	17,470,271	12,772,260
Placements from banks	27	6,251,243	1,774,929
Financial assets sold under repurchase agreements	28	19,443,941	8,202,042
Customer deposits	29	240,139,627	217,934,258
Income tax payable		118,502	674,234
Debt securities issued	30	43,231,255	40,900,044
Lease liabilities		398,784	–
Provisions	31	364,319	333,174
Other liabilities	32	2,594,419	2,264,596
Total liabilities		333,142,271	288,023,256
EQUITY			
Share capital	33	2,407,367	2,407,367
Reserves	34	21,504,743	20,655,293
Equity attributable to Shareholders of the Bank		23,912,110	23,062,660
Non-controlling interests		546,002	536,595
Total equity		24,458,112	23,599,255
Total equity and liabilities		357,600,383	311,622,511

The condensed consolidated financial statements on pages 95 to 144 were approved and authorized for issue by the Board of Directors on August 30, 2019 and are signed on its behalf by:

Liu Xianting
EXECUTIVE DIRECTOR

Pan Ming
EXECUTIVE DIRECTOR

Condensed Consolidated Statement of Changes in Equity

(Amounts in thousands of Renminbi, unless otherwise stated)

NOTE	Attributable to Shareholders of the Bank							Non-controlling interests	Total
	Share capital	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at December 31, 2018 (Audited)	2,407,367	8,165,761	(12,602)	3,106,406	3,894,136	5,501,592	23,062,660	536,595	23,599,255
Effect of change in accounting principles for leases						(48,486)	(48,486)	(3,763)	(52,249)
As at January 1, 2019	2,407,367	8,165,761	(12,602)	3,106,406	3,894,136	5,453,106	23,014,174	532,832	23,547,006
Profit for the period	-	-	-	-	-	1,063,846	1,063,846	22,105	1,085,951
Other comprehensive income/(expense) for the period	-	-	26,679	-	-	-	26,679	(3,209)	23,470
Total comprehensive income for the period	-	-	26,679	-	-	1,063,846	1,090,525	18,896	1,109,421
Dividend distribution	14	-	-	-	-	(192,589)	(192,589)	-	(192,589)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	(5,726)	(5,726)
As at June 30, 2019 (Unaudited)	2,407,367	8,165,761	14,077	3,106,406	3,894,136	6,324,363	23,912,110	546,002	24,458,112
As at January 1, 2018 (Audited)	2,000,000	5,020,023	(1,005,749)	2,758,046	3,275,358	4,911,042	16,958,720	462,327	17,421,047
Profit for the period	-	-	-	-	-	1,035,866	1,035,866	19,984	1,055,850
Other comprehensive income for the period	-	-	381,713	-	-	-	381,713	-	381,713
Total comprehensive income for the period	-	-	381,713	-	-	1,035,866	1,417,579	19,984	1,437,563
Capital injection by non-controlling shareholders		-	-	-	-	-	-	50,000	50,000
Dividend distribution	14	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	(7,710)	(7,710)
As at June 30, 2018 (Unaudited)	2,000,000	5,020,023	(624,036)	2,758,046	3,275,358	5,746,908	18,176,299	524,601	18,700,900

Condensed Consolidated Statement of Cash Flows

(Amounts in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	1,330,978	1,309,303
<i>Adjustments for:</i>		
Depreciation and amortization	191,274	103,994
Impairment losses under expected credit losses model	2,172,451	1,132,773
Impairment losses on repossessed assets	28,831	25,468
Interest income arising from investment securities	(2,339,119)	(1,811,140)
Interest expense arising from debt securities issued	820,611	966,007
Interest expense arising from lease liabilities	10,709	–
Net unrealised gains on investment securities measured at fair value through profit or loss	(64,967)	(18,080)
Net gains arising from investment securities measured at fair value through profit or loss	(956,854)	(1,169,410)
Net losses arising from investment securities measured at fair value through other comprehensive income	1,065	15,587
Dividend income from fund investments at fair value through profit or loss	(140,293)	(23,245)
Dividend income from equity investments at fair value through profit or loss	(900)	–
Share of profit of associates, net	(6,765)	(8,921)
Losses on disposal of property and equipment and other assets	110	7,134
Exchange losses	8,376	4,832
Operating cash flows before movements in working capital	1,055,507	534,302
Increase in balances with central bank and deposits with banks and other financial institutions	(2,300,879)	(1,078,338)
(Increase)/decrease in placements with banks and other financial institutions	(2,750,192)	1,218,226
Decrease in financial assets held under resale agreements	5,060,669	17,183,687
Increase in bonds investment measured at fair value through profit or loss	(744,640)	(404,544)
Increase in loans and advances to customers	(20,868,236)	(16,249,471)
Decrease in borrowings from central bank	(38,000)	(75,940)
Increase in deposits from banks and other financial institutions	4,692,044	11,040,450
Increase/(decrease) in placements from banks	4,462,325	(307,453)
Increase/(decrease) in financial assets sold under repurchase agreements	11,222,593	(11,022,380)
Increase in customer deposits	22,257,749	14,289,538
(Increase)/decrease/in other operating assets	(49,458)	49,643
Increase/(decrease) in other operating liabilities	147,728	(1,360,415)
Cash generated by operating activities	22,147,210	13,817,305
Income tax paid	(810,499)	(440,568)
Net cash generated by operating activities	21,336,711	13,376,737

		Six months ended June 30,	
	NOTE	2019 (Unaudited)	2018 (Unaudited)
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		36,079,023	34,875,242
Cash received from disposal of property and equipment		1,165	135
Dividends received from an associate		5,000	5,000
Dividends received from fund investment		140,293	23,245
Dividends received from equity investment		900	–
Interest received from investment securities		3,040,520	2,707,208
Cash received from rental deposits		1,532	–
Cash paid for purchase of investment securities		(62,967,118)	(52,353,598)
Cash paid for purchase of property and equipment and other assets		(194,400)	(181,653)
Cash paid for right-of-use assets		(5,838)	–
Cash paid for rental deposits		(76)	–
Net cash used in investing activities		(23,898,999)	(14,924,421)
FINANCING ACTIVITIES			
Cash contribution from non-controlling shareholders		–	50,000
Cash received from debt securities issued		25,380,000	25,110,000
Repayment of debt securities issued		(23,197,000)	(22,941,040)
Repayment of leases liabilities		(47,273)	–
Payments for the costs of debt securities issued		–	(1,600)
Interest expenses paid for debt securities issued		(672,400)	(237,556)
Dividends paid		(11,384)	(6,857)
Issue costs paid		–	(9,300)
Net cash generated by financing activities		1,451,943	1,963,647
Net (decrease)/increase in cash and cash equivalents		(1,110,345)	415,963
Cash and cash equivalents at beginning of the period		8,450,383	6,886,213
Effect of foreign exchange rate changes		5,716	3,084
Cash and cash equivalents at end of the period	35	7,345,754	7,305,260
Net cash generated by operating activities include:			
Interest received		5,249,712	3,681,775
Interest paid		3,162,069	2,279,157
Net interest received from operating activities		2,087,643	1,402,618

Notes to the Condensed Consolidated Financial Statements

(Amounts 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 “CBRC”, currently the China Banking and Insurance Regulatory Commission, the “CBIRC”) Jiangxi Province Bureau (No. B0348H236040001) 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.

As at June 30, 2019, the share capital of the Bank was RMB2.41 billion.

The Bank is headquartered in Jiujiang, Jiangxi Province, the PRC. It has 13 tier-one branches and 252 sub-branches, which consists of 147 traditional sub-branches, 93 community sub-branches and 12 small and micro enterprises sub-branches.

The principal activities of the Bank and its subsidiaries (collectively, the “Group”) comprise of 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 CBIRC.

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

2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) Interim Financial Reporting issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2018.

3.1 Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS 2015-2017 Cycle

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

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Lease ("IAS 17"), and the related interpretations.

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Right-of-use assets (continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments (“IFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognized at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 16 (continued)

As a lessor (continued)

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.2.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of (1) lands and buildings, (2) machinery and equipment, in the PRC, was determined on a portfolio basis.

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

As a lessee (continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognized additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.03%.

	January 1, 2019 RMB'000
Operating lease commitments disclosed as at December 31, 2018	502,994
Lease liabilities discounted at relevant incremental borrowing rates	450,250
Less: Recognition exemption – short-term leases	(11,545)
Recognition exemption – low value assets	(20)
Value-added tax impact	(18,660)
Total	420,025

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	January 1, 2019 RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16	367,776
Reclassified from prepaid lease payments (a)	42,799
Less: Reclassification of Sub-lease to investment properties	(11,361)
Total	399,214
By class:	
Land and buildings	392,808
Land use rights	6,149
Machinery and equipment	257
Total	399,214

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

- (a) Upfront payments for leasehold buildings and land use rights in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the prepaid lease payments amounting to RMB42,799 thousand was reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at January 1, 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at January 1, 2019. However, effective January 1, 2019, lease payments relating to the revised lease term after modification are recognized as income on straight-line basis over the extended lease term.

Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

The following table summarizes the impact of transition to IFRS 16 on retained profits at January 1, 2019.

	January 1, 2019 RMB'000
Retained profits	48,486
Impact at January 1, 2019	48,486

The following adjustments were made to the amounts recognized in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

3. Principal Accounting Policies (continued)

3.2 Impacts and changes in accounting policies on application of IFRS 16 Leases (continued)

3.2.2 Transition and summary of effects arising from initial application of IFRS 16 (continued)

As a lessor (continued)

	Adjustment for		
	December 31, 2018	IFRS 16	January 1, 2019
ASSETS			
Property and equipment	2,514,181	(5,412)	2,508,769
Right-of-use assets	–	399,214	399,214
Other assets	3,283,838	(26,026)	3,257,812
LIABILITIES			
Lease liabilities	–	420,025	420,025
EQUITY			
Reserves	20,655,293	(48,486)	20,606,807
Non-controlling interests	536,595	(3,763)	532,832

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended June 30, 2019, movements in working capital have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

The application of IFRS 16 in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements as a lessor.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the condensed consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimation and assumptions about future conditions.

The key sources of estimation uncertainty used in the condensed consolidated financial statement for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2018.

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

5. 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 condensed 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. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the condensed consolidated financial statements as disclosed in Note 3.

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 organized 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.

Personal banking

The personal 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.

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment 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 profit of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, 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.

5. Segment Analysis (continued)

	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Six months ended June 30, 2019 (Unaudited)					
External interest income	2,944,860	1,131,965	3,039,145	207,591	7,323,561
External interest expense	(1,394,815)	(1,121,247)	(1,367,238)	(97,162)	(3,980,462)
Net inter-segment interest income/(expense)	945,031	937,672	(1,920,103)	37,400	–
Net interest income	2,495,076	948,390	(248,196)	147,829	3,343,099
Fee and commission income	118,940	61,175	94,851	1,442	276,408
Fee and commission expense	(50,212)	(49,385)	(30,421)	(2,849)	(132,867)
Net fee and commission income	68,728	11,790	64,430	(1,407)	143,541
Net gains arising from financial assets	–	–	1,165,841	28,102	1,193,943
Other income, gains or losses	(23,162)	(5,670)	(8,376)	27,119	(10,089)
Operating income	2,540,642	954,510	973,699	201,643	4,670,494
Operating expenses	(493,400)	(289,311)	(291,468)	(99,651)	(1,173,830)
Impairment losses under expected credit loss model, net of reversal	(1,369,616)	(335,268)	(405,697)	(61,870)	(2,172,451)
Share of profit or loss of associates	–	–	–	6,765	6,765
Profit before tax	677,626	329,931	276,534	46,887	1,330,978
Income tax expense					(245,027)
Profit for the period					1,085,951
Depreciation and amortisation	81,764	43,460	49,371	16,679	191,274
Purchase of non-current assets	92,967	49,414	56,135	1,722	200,238
As at June 30, 2019 (Unaudited)					
Segment assets	113,342,269	40,671,188	193,076,613	10,510,313	357,600,383
Including: Investments in associates	–	–	–	119,507	119,507
Segment liabilities	150,261,050	82,543,568	91,399,196	8,938,457	333,142,271
Supplementary information – Credit commitments and financial guarantees	43,485,456	2,433,736	–	–	45,919,192

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5. Segment Analysis (continued)

	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Six months ended June 30, 2018 (Unaudited)					
External interest income	1,874,543	981,216	2,423,586	283,237	5,562,582
External interest expense	(1,139,948)	(770,757)	(1,425,921)	(84,961)	(3,421,587)
Net inter-segment interest income/(expense)	871,949	401,195	(1,349,559)	76,415	–
Net interest income	1,606,544	611,654	(351,894)	274,691	2,140,995
Fee and commission income	111,022	39,874	64,033	963	215,892
Fee and commission expense	(31,943)	(15,883)	(28,344)	(1,717)	(77,887)
Net fee and commission income	79,079	23,991	35,689	(754)	138,005
Net gains arising from financial assets	–	–	1,208,014	–	1,208,014
Other income, gains or losses	(16,964)	(8,504)	4,832	4,001	(16,635)
Operating income	1,668,659	627,141	896,641	277,938	3,470,379
Operating expenses	(360,456)	(214,756)	(343,489)	(96,610)	(1,015,311)
Impairment losses under expected credit loss model, net of reversal	(552,137)	(276,804)	(255,664)	(70,081)	(1,154,686)
Share of profit or loss of associates	–	–	–	8,921	8,921
Profit before tax	756,066	135,581	297,488	120,168	1,309,303
Income tax expense					(253,453)
Profit for the period					1,055,850
Depreciation and amortization	49,464	24,463	19,063	11,004	103,994
Purchase of non-current assets	73,526	37,148	70,366	613	181,653
As at December 31, 2018 (audited)					
Segment assets	97,592,970	37,369,288	166,068,668	10,591,585	311,622,511
Including: Interests in associates	–	–	–	117,742	117,742
Segment liabilities	143,325,919	66,946,049	68,772,995	8,978,293	288,023,256
Supplementary information – Credit commitments and financial guarantees	38,019,284	2,016,899	–	–	40,036,183

5. 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 periods ended June 30, 2019 and 2018, there were no revenue from transactions with a single external customer amounting to 10% or more of the Group's total revenue.

6. Net Interest Income

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Interest income:		
Balances with central bank	202,030	202,076
Deposits with banks and other financial institutions	34,499	29,253
Placements with banks and other financial institutions	34,137	21,217
Financial assets held under resale agreements	416,958	470,160
Loans and advances to customers at amortized cost, including:		
Corporate loans and advances	2,873,102	1,903,662
Personal loans and advances	1,275,705	1,105,552
Discounted bills	–	3,431
Loans and advances to customers at fair value through other comprehensive income ("FVTOCI"), including		
Forfeiting	21,307	–
Discounted bills	126,704	–
Investment, including:		
Investment securities measured at amortized cost	2,033,457	1,392,370
Investment securities measured at FVTOCI	305,662	434,861
Subtotal	7,323,561	5,562,582
Interest expense:		
Borrowings from central bank	(40,764)	(9,072)
Deposits from banks and other financial institutions	(254,067)	(277,246)
Placements from banks	(54,084)	(12,925)
Financial assets sold under repurchase agreements	(204,753)	(176,581)
Customer deposits	(2,595,474)	(1,979,756)
Debt securities issued	(820,611)	(966,007)
Lease liabilities	(10,709)	–
Subtotal	(3,980,462)	(3,421,587)
Net interest income	3,343,099	2,140,995
Including: Interest income on credit impaired financial assets	32,338	21,913

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(Amounts in thousands of Renminbi, unless otherwise stated)

7. Net Fee and Commission Income

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Fee and commission income		
Agency service fees	77,124	93,445
Wealth management fees	51,374	56,510
Settlement and clearing fees	16,116	10,413
Bank card fees	61,337	26,880
Credit commitments and financial guarantees fees	29,182	15,649
Transaction and consultancy fees	41,275	12,995
Subtotal	276,408	215,892
Fee and commission expense	(132,867)	(77,887)
Total	143,541	138,005

Note: Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

8. Net Gains Arising from Financial Assets

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Fair value changes on		
– financial instruments measured at fair value through profit or loss (“FVTPL”)	64,967	18,080
Realized gains/(losses) on investments		
– financial instruments measured at FVTPL	982,791	1,183,190
– disposal of debt instruments at FVTOCI	(1,065)	(15,587)
– disposal of debt instruments at FVTPL	6,057	(914)
Dividend income from fund investments at FVTPL	140,293	23,245
Dividend income from equity investments at FVTPL	900	–
Total	1,193,943	1,208,014

9. Other Income, Gains or Losses

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Rental income	3,081	4,487
Government subsidies (1)	9,080	5,808
Exchange (losses)/gains	(8,376)	4,832
Tax refund	–	443
Depreciation of investment properties	(1,990)	(420)
Donation	(445)	(198)
Reversal of business tax payable	46,621	–
(Losses)/gains on disposal of property and equipment	(110)	194
Losses on disposal of repossessed assets	(29,516)	(7,328)
Impairment losses on repossessed assets	(28,831)	(25,468)
Others	397	1,015
Total	(10,089)	(16,635)

(1) Government subsidies mainly represent incentive subsidies received from local government to encourage the expansion of agriculture-related loan portfolios and bonus for the Group's contribution to the local economic development.

10. Operating Expenses

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Staff costs	510,239	454,465
General and administrative expenses	415,300	367,025
Tax and surcharges	41,068	26,733
Minimum rental expenses	–	49,295
Minimum lease payments – short term leases	6,604	–
Minimum lease payments – low value leases	218	–
Depreciation (property and equipment, excluding investment properties)	96,086	73,305
Depreciation – right-of-use assets	38,700	–
Amortisation	54,498	30,269
Others	11,117	14,219
Total	1,173,830	1,015,311

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

11. Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Loans and advances to customers at amortized cost	1,715,245	866,370
Loans and advances to customers at FVTOCI	11,364	–
Investment securities measured at amortized cost	417,561	222,419
Investment securities measured at FVTOCI	3,582	3,914
Placements with banks and other financial institutions	(164)	(506)
Deposits with banks and other financial institutions	738	740
Financial assets held under resale agreements	(7,020)	(14,262)
Financial guarantees and credit commitments	31,145	67,875
Other assets	–	8,136
Total	2,172,451	1,154,686

12. Income Tax Expense

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Income tax expense comprises:		
Current income tax	250,751	535,624
Under/(over) provision of tax for prior years	4,016	(21,686)
Deferred tax (Note 24)	(9,740)	(260,485)
Total	245,027	253,453

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% of the estimated assessable profit for the period.

13. Earnings Per Share

The calculation of basic earnings per share is as follows:

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Earnings for the purpose of basic earnings per share: (Profit for the period attributable to shareholders of the Bank)	1,063,846	1,035,866
Numbers of shares:		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,407,367	2,000,000
Basic earnings per share (RMB Yuan)	0.44	0.52

No diluted earnings per share for the six months ended June 30, 2019 and 2018 were presented as there were no dilutive potential ordinary shares outstanding during the respective periods.

14. Dividends

A final dividend of RMB8 cents per share (tax inclusive) in respect of the year ended December 31, 2018 amounting in a total of RMB193 million was proposed by the board of directors of the Bank and approved by the 2018 annual general meeting of the Bank on May 21, 2019.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2017 amounting to a total of RMB200 million was proposed by the board of directors of the Bank and approved by the 2017 annual general meeting of the Bank on June 22, 2018.

No dividends were proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

15. Cash and Balances with Central Bank

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Cash	462,043	517,789
Mandatory reserve deposits (1)	26,029,426	23,180,080
Surplus reserve deposits (2)	3,966,854	4,381,801
Other deposits (3)	48,928	357,265
Total	30,507,251	28,436,935

(1) The Group places mandatory reserve deposits with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at June 30, 2019, mandatory reserve deposits with the PBOC were calculated at 11% of eligible RMB deposits for the Bank and at 7% or 8% for the subsidiaries (December 31, 2018: 11% for the Bank and 9% for the subsidiaries); and at 5% of foreign currency deposits for the Bank and its subsidiaries (December 31, 2018: 5% for the Bank and its subsidiaries). The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

(2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

(3) Other deposits mainly represent fiscal deposits placed with the PBOC.

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(Amounts in thousands of Renminbi, unless otherwise stated)

16. Deposits With Banks and Other Financial Institutions

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Deposits with:		
Banks and other financial institutions in mainland China	1,271,107	1,350,670
Banks outside mainland China	755,778	284,301
Less: Impairment loss allowance	(1,431)	(693)
Total	2,025,454	1,634,278

17. Placements With Banks and Other Financial Institutions

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Placements with:		
Banks in mainland China	3,300,658	115,380
Other financial institutions in mainland China	951,316	2,704,608
Less: Impairment loss allowance	(1,568)	(1,732)
Total	4,250,406	2,818,256

18. Financial Assets Held Under Resale Agreements

Analyzed by counterparties:

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Banks in mainland China	4,756,258	10,534,728
Other financial institutions in mainland China	4,163,620	3,431,337
Less: Impairment loss allowance	(4,945)	(11,965)
Total	8,914,933	13,954,100

18. Financial Assets Held Under Resale Agreements (continued)

Analyzed by collateral type:

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Bills	4,752,775	4,241,127
Bonds	4,167,103	9,724,938
Less: Impairment loss allowance	(4,945)	(11,965)
Total	8,914,933	13,954,100

19. Loans and Advances to Customers

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

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Corporate loans and advances		
– Loans	99,023,216	88,146,895
Retail loans and advances		
– Residential mortgage loans	21,507,423	20,289,939
– Personal loans for consumption	11,148,042	10,115,961
– Personal loans for business purposes	9,268,458	9,264,379
– Credit card	2,649,134	1,552,962
Subtotal	44,573,057	41,223,241
Gross loans and advances to customers at amortized cost	143,596,273	129,370,136
Allowance for impairment losses		
– stage 1	(2,926,348)	(2,765,371)
– stage 2	(517,442)	(356,972)
– stage 3	(1,620,325)	(1,558,963)
Subtotal	(5,064,115)	(4,681,306)
Loans and advances to customers at amortized cost, net	138,532,158	124,688,830
Loans and advances to customers at FVTOCI (1)		
– Discounted bills and forfaiting	17,743,733	12,459,371
Total loans and advances to customers	156,275,891	137,148,201

- (1) As at June 30, 2019 and December 31, 2018, the Group's allowance for impairment losses on loans and advances to customers measured at FVTOCI was RMB129,326 thousand and RMB117,962 thousand respectively, as detailed in Note 19 (2)(b).

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(Amounts in thousands of Renminbi, unless otherwise stated)

19. Loans and Advances to Customers (continued)

- (2) Analysis of movements of the allowance for impairment losses on loans and advances to customers are as follows:

(a) Loans and advances to customers at amortized cost

	Six months ended June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2018 (Audited)	2,765,371	356,972	1,558,963	4,681,306
Transfer:				
To 12-month ECL	175,747	(142,376)	(33,371)	–
To lifetime ECL				
– (not credit-impaired)	(54,856)	64,337	(9,481)	–
To lifetime ECL				
– (credit-impaired)	–	(78,325)	78,325	–
Provided for the period	40,086	316,834	1,358,325	1,715,245
Write-offs	–	–	(1,377,879)	(1,377,879)
Recoveries	–	–	45,443	45,443
As at June 30, 2019 (Unaudited)	2,926,348	517,442	1,620,325	5,064,115

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2018 (Audited)	2,175,585	318,946	905,080	3,399,611
Transfer:				
To 12-month ECL	159,263	(128,672)	(30,591)	–
To lifetime ECL –				
(not credit-impaired)	(80,398)	80,623	(225)	–
To lifetime ECL –				
(credit-impaired)	–	(144,684)	144,684	–
Provided for the year	510,921	230,759	1,578,229	2,319,909
Write-offs	–	–	(1,113,069)	(1,113,069)
Recoveries	–	–	74,855	74,855
As at December 31, 2018 (Audited)	2,765,371	356,972	1,558,963	4,681,306

19. Loans and Advances to Customers (continued)

- (2) Analysis of movements of the allowance for impairment losses on loans and advances to customers are as follows: (continued)

(b) Loans and advances to customers at FVTOCI

	Six months ended June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2018 (Audited)	117,962	–	–	117,962
Provided for the period	11,364	–	–	11,364
As at June 30, 2019 (Unaudited)	129,326	–	–	129,326

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2018 (Audited)	–	–	–	–
Provided for the year	117,962	–	–	117,962
As at December 31, 2018 (Audited)	117,962	–	–	117,962

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

20. Investment Securities

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Investment securities measured at FVTPL (1)	45,614,695	36,994,938
Investment securities measured at FVTOCI (2)	20,312,396	14,960,845
Investment securities measured at amortized cost (3)	81,753,897	68,100,023
Total	147,680,988	120,055,806

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(Amounts in thousands of Renminbi, unless otherwise stated)

20. Investment Securities (continued)(1) *Investment securities measured at FVTPL*

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
<i>Debt securities issued by:</i>		
Policy banks	120,418	52,555
Commercial banks and other financial institutions	–	48,550
Corporations	788,731	80,009
<i>Subtotal</i>	909,149	181,114
<i>Equity investments</i>	587,540	530,940
<i>Funds and other investments:</i>		
Fund investments held for trading	15,971,612	8,486,055
Trust beneficiary rights and asset management plans	22,979,194	24,118,297
Wealth management products	1,995,546	715,267
Others	3,171,654	2,963,265
<i>Subtotal</i>	44,118,006	36,282,884
Total	45,614,695	36,994,938
<i>Listed outside Hong Kong</i>	16,880,761	8,667,169
<i>Unlisted</i>	28,733,934	28,327,769
Total	45,614,695	36,994,938

(2) *Investment securities measured at FVTOCI*

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
<i>Debt securities issued by:</i>		
Government and central bank	2,828,615	2,513,177
Policy banks	7,561,413	7,594,422
Commercial banks and other financial institutions	5,228,148	810,627
Corporations	4,694,220	4,042,619
Total	20,312,396	14,960,845
<i>Listed outside Hong Kong</i>	16,832,614	13,403,654
<i>Unlisted</i>	3,479,782	1,557,191
Total	20,312,396	14,960,845

20. Investment Securities (continued)

(2) Investment securities measured at FVTOCI (continued)

Movements of the allowance for impairment losses on financial investments measured at FVTOCI are as follows:

	Period ended June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2018 (Audited)	39,823	–	145,621	185,444
(Reversed)/provided for the period	(24,909)	–	28,491	3,582
As at June 30, 2019 (Unaudited)	14,914	–	174,112	189,026

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2018 (Audited)	33,883	–	–	33,883
Provided for the year	5,940	–	145,621	151,561
As at December 31, 2018 (Audited)	39,823	–	145,621	185,444

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

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20. Investment Securities (continued)

(3) Investment securities measured at amortized cost

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
<i>Debt securities issued by:</i>		
Government and central bank	12,125,195	7,056,437
Policy banks	17,572,305	8,926,321
Commercial banks and other financial institutions	10,285	–
Corporations	16,184,103	10,536,238
<i>Subtotal</i>	<i>45,891,888</i>	<i>26,518,996</i>
<i>Other investments</i>		
Trust beneficiary rights and asset management plans	37,198,006	42,951,809
<i>Subtotal</i>	<i>37,198,006</i>	<i>42,951,809</i>
<i>Less: Allowance for impairment losses</i>	<i>(1,335,997)</i>	<i>(1,370,782)</i>
Total	81,753,897	68,100,023
<i>Listed outside Hong Kong</i>	<i>45,520,208</i>	<i>26,216,386</i>
<i>Unlisted</i>	<i>36,233,689</i>	<i>41,883,637</i>
Total	81,753,897	68,100,023

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

	Six months ended June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
As at December 31, 2018 (Audited)	1,051,652	18,259	300,871	1,370,782
Transfer:				
To lifetime ECL				
– (not credit-impaired)	(24,025)	24,025	–	–
To lifetime ECL				
– (credit-impaired)	–	(29,201)	29,201	–
(Reversed)/provided for the period	(64,854)	971	481,444	417,561
Write-offs	–	–	(452,346)	(452,346)
As at June 30, 2019 (Unaudited)	962,773	14,054	359,170	1,335,997

20. Investment securities (continued)

(3) Investment securities measured at amortized cost (continued)

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
As at January 1, 2018 (Audited)	645,223	–	8,906	654,129
Transfer:				
To lifetime ECL				
– (not credit-impaired)	(4,461)	4,461	–	–
To lifetime ECL				
– (credit-impaired)	–	(1,434)	1,434	–
Provided for the year	410,890	15,232	290,531	716,653
As at December 31, 2018 (Audited)	1,051,652	18,259	300,871	1,370,782

21. Interests in Associates

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Cost of unlisted investments in associates	83,187	83,187
Share of post-acquisition profits and other comprehensive income, net of dividends received	36,320	34,555
Total	119,507	117,742

22. Property and Equipment

During the six months ended June 30, 2019, the Group acquired items of property and equipment at a total cost of RMB170,421 thousand (six months ended June 30, 2018: RMB128,974 thousand), among which the cost of construction in progress was RMB123,668 thousand (six months ended June 30, 2018: RMB103,668 thousand).

23. Right of Use Assets

During the six months ended June 30, 2019, the Group entered into new lease agreements for the use of land and buildings. The Group is required to make fixed periodically payments depending on the usage of the asset during the contract period. On lease commencement, the Group recognized RMB21,161 thousand of right-of-use asset and RMB15,323 thousand lease liability.

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24. Deferred Taxation

The followings are the major deferred tax assets and liabilities recognized and movements thereon:

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of investment securities measured at FVTOCI	Fair value changes of investment securities measured at FVTPL	Others	Total
As at December 31, 2018 (Audited)	1,277,825	127,970	70,314	67,969	115,096	1,659,174
Credit/(charge) to profit or loss	58,428	3,422	–	(16,242)	(35,868)	9,740
Charge to other comprehensive income	(3,736)	–	(4,087)	–	–	(7,823)
As at June 30, 2019 (Unaudited)	1,332,517	131,392	66,227	51,727	79,228	1,661,091

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of investment securities measured at FVTOCI	Fair value changes of investments securities measured at FVTPL	Others	Total
As at January 1, 2018 (Audited)	809,777	101,694	335,298	50,928	36,977	1,334,674
Credit to profit or loss	535,429	26,276	–	17,041	78,119	656,865
Charge to other comprehensive income	(67,381)	–	(264,984)	–	–	(332,365)
As at December 31, 2018 (Audited)	1,277,825	127,970	70,314	67,969	115,096	1,659,174

25. Other Assets

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Prepayment and other receivables	517,158	286,507
Repossessed assets (1)	2,452,593	2,650,672
Intangible assets	95,907	82,547
Land use rights	—	6,149
Precious metals	1,676	1,662
Others	200,553	256,301
Total	3,267,887	3,283,838

(1) *Repossessed assets:*

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
<i>Analyzed as:</i>		
<i>Property and equipment</i>	2,346,639	2,513,033
<i>Right-of-use assets</i>	209,087	211,977
<i>Others</i>	538	502
<i>Gross repossessed assets</i>	2,556,264	2,725,512
<i>Allowance for impairment losses</i>	(103,671)	(74,840)
<i>Repossessed assets, net</i>	2,452,593	2,650,672

26. Deposits from Banks and Other Financial Institutions

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Banks in mainland China	14,102,090	11,732,951
Other financial institutions in mainland China	3,368,181	1,039,309
Total	17,470,271	12,772,260

Notes to the Condensed Consolidated Financial Statements

(Amounts in thousands of Renminbi, unless otherwise stated)

27. Placements from Banks

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Banks in mainland China	3,145,605	1,040,290
Banks outside mainland China	3,105,638	734,639
Total	6,251,243	1,774,929

28. Financial Assets Sold Under Repurchase Agreements

Analyzed by counterparties:

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Banks in mainland China	19,443,941	8,005,943
Other financial institutions in mainland China	–	100,060
Banks outside mainland China	–	96,039
Total	19,443,941	8,202,042

Analyzed by collateral type:

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Bonds	14,841,531	6,524,346
Bills	4,602,410	1,677,696
Total	19,443,941	8,202,042

29. Customer Deposits

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Demand deposits		
Corporate customers	87,057,323	84,274,124
Individual customers	14,577,228	15,521,265
Time deposits		
Corporate customers	38,365,626	39,507,732
Individual customers	70,972,893	54,130,195
Pledged deposits	28,966,759	24,314,814
Others	199,798	186,128
Total	240,139,627	217,934,258

30. Debt Securities Issued

Analysis of debt securities issued by remaining maturities

The tables below summarize the maturity analysis of the debt securities issued by remaining contractual maturities at the end of each reporting period.

	As at June 30, 2019 (Unaudited)				
	Less than 1 year (1 year inclusive)	1 to 2 years (2 years inclusive)	2 to 5 years (5 years inclusive)	over 5 years	Total
15 Jiujiang Bank bonds (1)	–	–	–	2,049,490	2,049,490
18 Jiujiang Bank bonds (2)	–	–	4,118,010	3,120,798	7,238,808
Interbank negotiable certificates of deposit (3)	33,942,957	–	–	–	33,942,957
Total	33,942,957	–	4,118,010	5,170,288	43,231,255

	As at December 31, 2018 (Audited)				
	Less than 1 year (1 year inclusive)	1 to 2 years (2 years inclusive)	2 to 5 years (5 years inclusive)	over 5 years	Total
15 Jiujiang Bank bonds	–	–	–	2,001,058	2,001,058
18 Jiujiang Bank bonds	–	–	4,034,810	3,110,555	7,145,365
Interbank negotiable certificates of deposit	30,946,621	–	–	–	30,946,621
Asset-backed securities	702,506	104,494	–	–	807,000
Total	31,649,127	104,494	4,034,810	5,111,613	40,900,044

Notes to the Condensed Consolidated Financial Statements

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30. Debt Securities Issued (continued)

Analysis of debt securities issued by remaining maturities (continued)

- (1) On December 25, 2015, the Bank issued a fixed-rate tier-two capital bond with nominal value of RMB2 billion. Pursuant to the agreement, the bond has a term of 10 years, expiring on December 24, 2025, bearing an interest rate of 4.9% per annum. The issuer has the right to redeem the bond in full at nominal value at the end of the fifth year. No adjustment is made on the bond interest rate after five years of issue, if the bond is not redeemed in the fifth year.
- (2) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1.5 billion respectively. Pursuant to the agreement, the two bonds both have a term of 10 years, expiring on January 30, 2028 and July 16, 2028, bearing an interest rate at 5.00% and 6.29% per annum respectively. The Bank has the right to redeem the bonds in full at nominal value at the end of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year. On August 17 and November 6, 2018, the Bank issued two Green Financial Bonds with nominal value of RMB1 billion and 3 billion respectively. Pursuant to the agreement, the two bonds have a term of 3 years, expiring on August 16, 2021 and November 5, 2021 respectively, bearing an interest rate at 4.25% and 4.13% per annum.
- (3) As at June 30, 2019, the Bank had 94 outstanding interbank negotiable certificates of deposit with total notional amount of RMB34.41 billion. As at December 31, 2018, the Bank had 61 outstanding interbank negotiable certificates of deposit with total notional amount of RMB31.42 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.

31. Provisions

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Impairment allowance on credit commitments and financial guarantees	364,319	333,174

32. Other Liabilities

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Other payables	1,155,754	686,235
Contract liabilities	4,964	18,416
Settlement payable	239,665	301,398
Salaries payable	688,987	792,896
Business and other tax payables	284,954	397,306
Dividends payable	199,526	12,595
Provision for litigations	20,569	55,750
Total	2,594,419	2,264,596

33. Share Capital

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Ordinary shares of RMB1.00 yuan each (in thousand shares)		
At beginning of the period/year	2,407,367	2,000,000
Increase during the period/year	–	407,367
At end of the period/year	2,407,367	2,407,367
Issued and fully paid		
At beginning of the period/year	2,407,367	2,000,000
Issuance of shares	–	407,367
At end of the period/year	2,407,367	2,407,367

34. Reserves

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Share premium	8,165,761	8,165,761
Investment revaluation reserve	14,077	(12,602)
Surplus reserve	3,106,406	3,106,406
General reserve	3,894,136	3,894,136
Retained earnings	6,324,363	5,501,592
Total reserves	21,504,743	20,655,293

35. Cash and Cash Equivalents

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

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Unaudited)
Cash	462,043	435,657
Balances with central bank	3,966,854	4,858,499
Deposits with banks and other financial institutions	1,758,224	1,814,695
Placements with banks and other financial institutions	1,059,338	196,409
Investment securities	99,295	–
Total	7,345,754	7,305,260

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36. Structured Entities

36.1 Consolidated structured entities

The consolidated structured entities of the Group included non-principal-guaranteed wealth management products issued by the Bank that were invested by its subsidiaries. As at June 30, 2019 and December 31, 2018, the scale of the consolidated structured entities amounted to RMB925 million and RMB925 million respectively.

As the initiator and manager of the above-mentioned wealth management products, the Group considers it has control over such structured entities and those structured entities should be consolidated by the Group.

36.2 Unconsolidated structured entities

(1) Structured entities managed by third party institutions in which the Group holds an interest

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 wealth management products issued by financial institutions, asset management plans and trust beneficiary rights.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2019 and December 31, 2018 in the structured entities sponsored and managed by third party institutions.

	As at June 30, 2019 (Unaudited)			
	Investment securities at FVTPL	Investment securities at amortized cost	Total	Maximum risk exposure (Note)
Wealth management products	1,995,546	–	1,995,546	1,995,546
Funds	15,971,612	–	15,971,612	15,971,612
Trust beneficiary rights	17,277,613	32,129,044	49,406,657	48,595,198
Asset management plans	5,701,581	5,068,962	10,770,543	10,617,685
Total	40,946,352	37,198,006	78,144,358	77,180,041

36. Structured Entities (continued)

36.2 Unconsolidated structured entities (continued)

(1) Structured entities managed by third party institutions in which the Group holds an interest (continued)

	As at December 31, 2018 (Audited)			
	Investment securities at FVTPL	Investment securities at amortized cost	Total	Maximum risk exposure (Note)
Wealth management products	715,267	–	715,267	715,267
Funds	8,486,055	–	8,486,055	8,486,055
Trust beneficiary rights	18,377,223	35,749,810	54,127,033	53,272,726
Asset management plans	5,741,074	7,201,999	12,943,073	12,729,208
Total	33,319,619	42,951,809	76,271,428	75,203,256

Note: 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.

(2) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Group mainly include non-principal-guaranteed 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, 2019 and December 31, 2018, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Bank amounting to RMB35,095 million and RMB35,459 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, 2019 and 2018 amounted to RMB51 million and RMB57 million, respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during the six months ended June 30, 2019 and 2018.

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37. Related Party Transactions**(1) Major shareholders and entities under their control**

Following major shareholders holding more than 5% shares of the Bank are considered as related parties of the Group:

	Percentage of shares held	
	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Name of shareholders		
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd.	5.64%	5.64%
Dasheng (Fujian) Agricultural Co., Ltd.	5.65%	5.65%
Jiujiang Hehui Import & Export Co., Ltd	2.34%	2.34%

Note: The shareholders with less than 5% interest in the Bank and no director or supervisor appointed are not considered as related parties of the Group.

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, 2019 and the year ended December 31, 2018, 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.

37. Related Party Transactions (continued)

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

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Balances at end of the period/year:		
Assets		
Deposits with banks and other financial institutions	857,997	186,822
Loans and advances to customers at amortized cost	2,249,657	214,281
Investments securities at amortized cost	–	248,500
Investments securities at FVTPL	45,702	–
Total	3,153,356	649,603
Liabilities		
Customer deposits	7,339,129	4,524,981
Placements from banks	3,093,615	734,362
Deposits from banks and other financial institutions	5,118	56,948
Total	10,437,862	5,316,291
Non-principal-guaranteed wealth management products (i)	1,200,000	1,200,000

(i) It represented the non-principal-guaranteed wealth management product issued by the Group where the underlying asset is a loan, and the borrower is a related party of the Group.

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Transactions during the period:		
Interest income	56,052	29,389
Interest expense	31,022	32,891
Net gains arising from investment securities	1,701	8,626

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37. Related Party Transactions (continued)

(2) Associates of the Bank

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	1,997,932	1,314,425
Total	1,997,932	1,314,425

	Six months ended June 30, 2019 (Unaudited)	2018 (Unaudited)
Transactions during the period:		
Interest expense	20,094	15,475
Dividend from associates	5,000	5,000

(3) Other related parties

Other related parties 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:

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Balances at the end of the period/year:		
Assets		
Loans and advances to customers at amortized cost	10,851	16,205
Total	10,851	16,205
Liabilities		
Customer deposits	5,401	42,372
Total	5,401	42,372

37. Related Party Transactions (continued)

(3) Other related parties (continued)

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Transactions during the period:		
Interest income	375	232
Interest expense	9	16

(4) Key management personnel

Key management personnel 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 directors and other members of key management during the six months ended June 30, 2019 and 2018 were as follows:

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Fees	596	225
Basic salaries, bonuses and allowances	7,827	7,521
Contribution to pension schemes	1,066	1,059
Total	9,489	8,805

38. Contingent Liabilities and Commitments

Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2019 and December 31, 2018, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision has been provided for any potential losses from these claims.

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38. Contingent Liabilities and Commitments (continued)

Capital commitment

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Contracted but not provided for	172,809	200,441

Credit commitments and financial guarantees

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Credit card commitments	2,433,736	2,016,899
Letters of credit	6,097,441	3,205,178
Letters of guarantee	6,062,528	3,976,248
Bank acceptances	31,325,487	30,837,858
Total	45,919,192	40,036,183

Credit commitments and financial guarantees 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 guarantee.

Collateral

Assets pledged

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

	As at June 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
Bonds	15,128,279	6,772,167
Bills	4,597,465	1,676,700
Total	19,725,744	8,448,867

As at June 30, 2019, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB19,444 million (December 31, 2018: RMB8,202 million).

All repurchase agreements were due within twelve months from inception.

39. 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 condensed consolidated financial statements of the Group as they are not the Group's assets.

As at June 30, 2019 and December 31, 2018, the entrusted loans balance of the Group amounted to RMB13,671 million and RMB24,727 million respectively.

As at June 30, 2019 and December 31, 2018, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB35,095 million and RMB35,459 million respectively.

40. Financial Risk Management

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

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

Details of the financial instruments are disclosed in respective notes to the condensed consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, 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, 2019 are the same as those presented in the Group's consolidated financial statements for the year ended December 31, 2018.

41. 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 categorized 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 asset or liability, 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 asset or liability 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 categorized and determined, in particular, the valuation technique(s) and input(s) used.

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41. Fair Value of Financial Instruments (continued)

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

	As at June 30, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Investment securities measured at FVTPL				
– Debt instruments investment	–	909,149	–	909,149
– Fund investments	–	15,971,612	–	15,971,612
– Equity investments	–	–	587,540	587,540
– Trust beneficiary rights and asset management plans	–	–	22,979,194	22,979,194
– Wealth management products	–	1,995,546	–	1,995,546
– Others	–	–	3,171,654	3,171,654
Investment securities measured at FVTOCI				
– Debt instruments investment	–	20,312,396	–	20,312,396
Loans and advances to customers measured at FVTOCI	–	–	17,743,733	17,743,733
Total	–	39,188,703	44,482,121	83,670,824

	As at December 31, 2018 (Audited)			
	Level 1	Level 2	Level 3	Total
Investment securities measured at FVTPL				
– Debt instruments investment	–	181,114	–	181,114
– Fund investments	–	8,486,055	–	8,486,055
– Equity investments	–	–	530,940	530,940
– Trust beneficiary rights and asset management plans	–	–	24,118,297	24,118,297
– Wealth management products	–	715,267	–	715,267
– Others	–	–	2,963,265	2,963,265
Investment securities measured at FVTOCI				
– Debt instruments investment	–	14,960,845	–	14,960,845
Loans and advances to customers measured at FVTOCI	–	–	12,459,371	12,459,371
Total	–	24,343,281	40,071,873	64,415,154

There were no transfers between Level 2 and Level 3 during the six months ended June 30, 2019 and the year ended December 31, 2018.

41. Fair Value of Financial Instruments (continued)

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

Financial assets at FVTPL, financial assets at FVTOCI 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 wealth management products, the fair value is measured by discounted cash flow model with main inputs as interest rates, credit spread which are substantively based on observable market data and/or obtainable from active open market.

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 FVTOCI in Mainland China are categorized as Level 2. Based on the different credit risk, and the Group uses the transaction interest rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange 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 debt securities type of financial assets are 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 securities type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.

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

	Investment securities measured at FVTPL
As at December 31, 2018 (Audited)	27,612,502
Profit or loss	
– In profit or loss	898,451
Purchases	2,014,000
Disposals and settlement on maturity	(3,786,565)
As at June 30, 2019 (Unaudited)	26,738,388
Total unrealized gains and losses included in the condensed consolidated statement of profit or loss for assets held at the end of the reporting period	(31,018)

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41. Fair Value of Financial Instruments (continued)

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

	Investment securities measured at FVTPL
At December 31, 2017	–
Adjustments upon application of IFRS 9	22,893,518
As at January 1, 2018 (Audited)	22,893,518
Profit or loss	
– In profit or loss	1,735,852
Purchases	15,394,845
Disposals and settlement on maturity	(12,411,713)
As at December 31, 2018 (Audited)	27,612,502
Total unrealized gains and losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(8,252)

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

	As at June 30, 2019 (Unaudited)		As at December 31, 2018 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers measured at amortized cost	138,532,158	138,616,617	124,668,830	124,769,878
Investment securities measured at amortized cost	81,753,897	83,595,962	68,100,023	69,983,657
Total	220,286,055	222,212,579	192,768,853	194,753,535
Financial liabilities				
Customer deposits	240,139,627	234,141,370	217,934,258	218,360,849
Debt securities issued	43,231,255	42,662,757	40,900,044	40,831,268
Total	283,370,882	276,804,127	258,834,302	259,192,117

41. Fair Value of Financial Instruments (continued)

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

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

Financial assets/financial liabilities	Fair value as at,		Fair value hierarchy	Valuation technique(s) and key input(s)
	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)		
Loans and advances to customers	138,616,617	124,769,878	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amount and discounted using the yield curve with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.
Investment securities measured at amortized cost – Debt	46,099,735	26,659,853	Level 2	See note 1.
Investment securities measured at amortized cost – Other investments	37,496,227	43,323,804	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Customer deposits	234,141,370	218,360,849	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at rate with reference to the PBOC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued	42,662,757	40,024,268	Level 2	See note 2.
Debt securities issued	–	807,000	Level 3	See note 2.

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41. Fair Value of Financial Instruments (continued)

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

Note 1: Debt instruments traded on China Interbank Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method.

Note 2: Except for the debt securities issued with carrying amounts of RMB807 million as at December 31, 2018, of which the fair values are determined by discounted cash flows with discount rate reflecting the credit risk of the Group and they are classified into Level 3, other debt instruments traded on China Interbank Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method.

Other financial assets and financial liabilities including balances with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, borrowing from central bank, deposits and placements from banks and financial assets sold under repurchase agreements mostly have terms within one year. Their carrying values approximate their fair values.

Definition

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

“Articles of Association” or “Articles”	the articles of association of the Bank, the version of which was passed by our shareholders at the first extraordinary shareholders’ meeting of 2019 on March 7, 2019 and was approved by the CBIRC Jiangxi Bureau on June 10, 2019, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang”, “Group”, “we” or “us”	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” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau”	China Banking and Insurance Regulatory Commission Jiangxi Bureau (中國銀行保險監督管理委員會江西監管局)
“CBIRC Jiujiang Branch Office”	China Banking and Insurance Regulatory Commission Jiujiang Branch Office (中國銀行保險監督管理委員會九江監管分局)
“CBRC”	former China Banking Regulatory Commission (原中國銀行業監督管理委員會), currently Chinese Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“central bank”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“Central China”	a geographical region that covers six provinces located in the central area of China, including Henan Province, Hubei Province, Anhui Province, Shanxi Province, Jiangxi Province and Hunan Province
“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

Definition

“city commercial banks”	banks with branches at municipal or higher levels created with the approval of the CBIRC pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“Classification Standards of Small and Medium Enterprises”	the Classification Standards of Small and Medium Enterprises (中小企業劃型標準規定) jointly promulgated by the PRC Ministry of Industry and Information Technology, the NBS, the NDRC and the MOF on June 18, 2011, which classifies SMEs in 16 industries into medium, small and micro enterprises with consideration of the nature of the industry in terms of number of employees, operating income, and total assets
“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”	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 8th Standing Committee of the 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
“Corporate Governance Guidelines for Commercial Banks”	the Corporate Governance Guidelines for Commercial Banks (商業銀行公司治理指引), as promulgated by the CBRC on July 19, 2013 and effective on the same date, as amended, supplemented or otherwise modified from time to time
“county bank”	banking institution(s) incorporated with the approval of the CBIRC, 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
“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 paid in full for in RMB
“Global Offering”	Hong Kong Public Offering and International Offering as stated in the Prospectus

“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
“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“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”)
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of the Bank or are not its Connected Persons
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by us as at June 30, 2019
“large enterprises”	enterprises other than those classified as medium, small or micro enterprises under the Classification Standards of Small and Medium Enterprises. For example, industrial enterprises with 1,000 or more employees and operating income of RMB400 million or more shall be classified as large enterprises
“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
“medium enterprises”	the enterprises classified as medium enterprises under the Classification Standards of Small and Medium Enterprises
“micro enterprises”	the enterprises classified as micro enterprises under the Classification Standards of Medium and Small Enterprises
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)

Definition

“NBS”	National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Prospectus”	the prospectus of the Bank dated June 26, 2018
“related party(ies)”	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders promulgated by the CBRC, Accounting Standards for Business Enterprises promulgated by the MOF, and/or IFRS
“related party transaction(s)”	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders promulgated by the CBRC, Accounting Standards for Business Enterprises promulgated by the MOF, and/or IFRS
“reporting period”	the six months from January 1, 2019 to June 30, 2019
“RMB” or “Renminbi”	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
“Standard Investment Products”	debt securities issued by the PRC government, PRC policy banks, other PRC commercial banks and other financial institutions and PRC corporate issuers
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States of America
“yuan”	Renminbi yuan