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

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 (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 2022 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 2022 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.*
Pan Ming
Vice Chairman

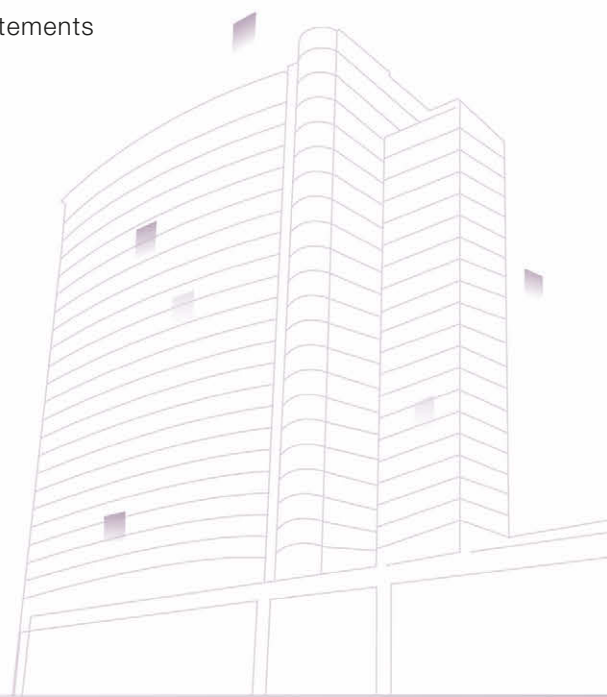
Jiangxi, the PRC
30 August 2022

As at the date of this announcement, the Board of the Bank comprises Mr. Pan Ming and Mr. Yuan Delei as executive Directors; Mr. Zeng Huasheng, Mr. Shi Zhishan and Mr. Li Jianbao as non-executive Directors; and 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⁽¹⁾

Legal name in English:
Bank of Jiujiang Co., Ltd.⁽¹⁾

Legal representative:
LIU Xianting (劉羨庭)⁽²⁾

Authorized representatives:
PAN Ming (潘明), WONG Wai Chiu (黃偉超)

Board secretary:
WANG Li (王琍)

Company secretary:
WONG Wai Chiu (黃偉超)

H-share exchange:
The Stock Exchange of Hong Kong Limited

Stock short name:
BANK OF JIUJIANG

Stock code:
06190

Unified social credit code:
9136040070552834XQ

License number for financial business operations:
B0348H336040001

Registered capital:
RMB2,407,367,200

Registered address and office address:
No. 619 Changhong Avenue, Lianxi District,
Jiujiang, Jiangxi Province, China (Postal
code: 332000)

Principal place of business in Hong Kong:
40/F, Dah Sing Financial Centre,
248 Queen's Road East, Wan Chai,
Hong Kong

Contact details:
Tel: +86 (792) 7783000-1101
Fax: +86 (792) 8325019
Email: lushan2@jjccb.com
Website: <http://www.jjccb.com>
Customer service hotline: +86 95316

PRC auditor:
KPMG Huazhen LLP

International auditor:
KPMG

PRC legal advisor:
JunHe LLP (北京市君合律師事務所)

Hong Kong (PRC) legal advisor:
Clifford Chance

H-share registrar and transfer office:
Computershare Hong Kong Investor Services
Limited

Domestic share depository:
China Securities Depository and Clearing
Corporation Limited (CSDC)

HKEXnews website of the Hong Kong Stock
Exchange for publication of this report:
<http://www.hkexnews.hk>

- (1) The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155th of the laws of Hong Kong), is not subject to the supervision of the Hong Kong Monetary Authority, and is not authorized to carry on banking and/or deposit-taking business in Hong Kong.
- (2) On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement. The Bank will complete the change of the legal representative in accordance with legal procedures as soon as possible.

Company Profile

2. About Us

Approved by Wuhan Branch of the People's Bank of China 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: 06190).

Since its establishment, 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 281 outlets, we are now a renowned bank with total assets of over RMB470,000 million. Meanwhile, the Bank consistently optimized its shareholder structure and successively introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. In addition, the Bank has successively received numerous 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, 2022, Bank of Jiujiang (including controlled county banks) has 4,762 full-time employees, with an average age of 29.57. Among which, 4,164 had undergraduate degrees or graduated from junior college, accounting for 87.44%, while 578 had master's degrees (and above), accounting for 12.14%. We now have operation department of the head office, 13 branches and 267 sub-branches, successively led to establish 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.

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, Centered in Jiangxi Province, Spreading business across the Greater Bay Area and Yangtze River Delta" 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 2022

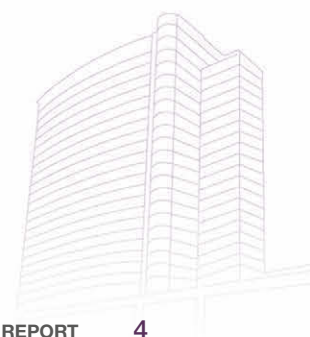
In January 2022, China Foreign Exchange Center Trade System and The National Interbank Funding Center announced the results of selected outstanding in interbank local currency markets for 2021. The Bank won three “Annual Market Influence Awards” including the “Core Dealer”, “Money Market Dealer” and “Bond Market Dealer”, and two “Market Innovation Awards” including “X-Repo Market Innovation Award” and “X-Lending Market Innovation Award” in interbank local currency markets for 2021.

In January 2022, the Jiangxi Provincial Local Financial Supervision and Administration Bureau issued the “Notice on Assessment and Rewards for Financial Institutions Supporting Jiangxi’s Economic Development in 2020”, in which the Bank won the title of “Green Finance Development Contribution Award”.

In January 2022, the Bank won the “2021 UnionPay Card Outstanding Marketing Contribution Award in Jiangxi Province”, “2021 UnionPay Card Product Innovation Award in Jiangxi Province”, “2021 UnionPay Excellent Cooperation Institution” and “2021 UnionPay International Business Promotion Excellence Award”.

In January 2022, Shanghai Clearing House announced selection results for centralized settlement and high-quality development of issuance, registration, custody and settlement business of 2021, and the Bank was awarded the Excellent Award for Net Bond Sole Settlement of 2021, the only legal entity in Jiangxi Province to be granted this award.

In February 2022, The Export-Import Bank of China announced the list of 2021 excellent organizations and individuals of domestic RMB financial bond underwriting market maker group, and the Bank was awarded the honorary titles of “Core Underwriter” and “Market Innovation Driver” in 2021 domestic RMB financial bond underwriting market maker group.





Company Profile

In March 2022, Agricultural Development Bank of China announced the accolades list of 2021 excellent financial bond underwriting market makers and the Bank was awarded the “Excellent Underwriting Institution” and the “Best City Commercial Bank” of financial bond underwriting market makers in 2021.

In April 2022, the Central Committee of the Communist Youth League issued the “Decision of the Central Committee of the Communist Youth League on Commending the National May 4th Red Flag Youth League Committee (League Branch), National Outstanding Communist Youth League Members, and National Outstanding Communist Youth League Cadres”. The Youth League Committee of the Bank was awarded the title of “National May 4th Red Flag Youth League Committee” and was the only local financial institution in Jiangxi Province to receive this honor.

In May 2022, the Bank was rated as “Excellent” in the 2021 Jiangxi Assessment and Evaluation of Financial Institutions for Serving Rural Revitalization.

In June 2022, in the “Golden Honor Award” for China’s asset management and wealth management industry in 2022 co-organized by PY Standard and academic institutions, the Bank was awarded the “Bank of Excellent Wealth Service Capability”.

Accounting Data and Financial Indicator Highlights

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

	For the six months ended June 30,		
	2022	2021	2021
	2022 as compared with 2021		
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Results of operations			Percentage of change (%)
Net interest income	4,347.1	4,002.0	8.6
Net fee and commission income	337.5	308.5	9.4
Operating income	5,212.1	4,928.6	5.8
Operating expenses	(1,338.9)	(1,191.8)	12.3
Impairment losses on assets	(2,751.6)	(2,453.0)	12.2
Profit before taxation	1,127.2	1,288.3	(12.5)
Net profit for the period	1,038.8	1,128.7	(8.0)
Net profit for the period attributable to equity shareholders of the Bank	1,023.7	1,087.1	(5.8)
Calculated on a per share basis (RMB)			Percentage of change (%)
Net assets per share attributable to equity shareholders of the Bank ⁽¹⁾	11.71	11.17	4.83
Basic earnings per share ⁽¹⁾	0.43	0.45	(4.44)
Diluted earnings per share ⁽¹⁾	0.43	0.45	(4.44)
Profitability indicators (%)			Changes (percentage point)
Return on average total assets ⁽²⁾	0.44	0.52	(0.08)
Return on average equity ⁽³⁾	7.25	8.33	(1.08)
Net interest spread ⁽⁴⁾	1.90	2.01	(0.11)
Net interest margin ⁽⁵⁾	1.96	2.01	(0.05)
Net fee and commission income to operating income	6.48	6.26	0.22
Cost-to-income ratio ⁽⁶⁾	24.53	22.97	1.56

Accounting Data and Financial Indicator Highlights

	June 30, 2022	December 31, 2021	Change over the end of last year
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
			Changes (percentage point)
Capital adequacy indicators (%)			
Core tier-one capital adequacy ratio ⁽⁷⁾	8.00	8.28	(0.28)
Tier-one capital adequacy ratio ⁽⁷⁾	10.69	11.08	(0.39)
Capital adequacy ratio ⁽⁷⁾	12.73	13.21	(0.48)
Total equity to total assets	7.51	7.67	(0.16)
			Changes (percentage point)
Asset quality indicators (%)			
Non-performing loan ratio ⁽⁸⁾	1.57	1.41	0.16
General allowance ratio ⁽⁹⁾	188.33	214.66	(26.33)
Allowance-to-loan ratio ⁽¹⁰⁾	2.96	3.02	(0.06)
			Percentage of change (%)
Volume indicators			
Total assets	478,446.2	461,503.0	3.7
Including: Net loans and advances to customers	268,385.4	242,938.4	10.5
Total liabilities	442,512.2	426,089.8	3.9
Including: Customer deposits	362,089.5	344,851.1	5.0
Share capital	2,407.4	2,407.4	–
Equity attributable to equity shareholders of the Bank	35,194.1	34,683.9	1.5
Non-controlling interests	739.9	729.3	1.5
Total equity	35,934.0	35,413.2	1.5
Net capital base ⁽⁷⁾	42,886.9	42,530.5	0.8

Accounting Data and Financial Indicator Highlights

	June 30, 2022	December 31, 2021	Change over the end of last year
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
			Changes (percentage point)
Other financial indicators (%)			
Leverage ratio ⁽¹¹⁾	6.62	6.75	(0.13)
Liquidity ratio ⁽¹²⁾	54.89	81.42	(26.53)
Liquidity coverage ⁽¹³⁾	186.96	426.31	(239.35)
Loan to deposit ratio	76.13	72.41	3.72
Ratio of loans and advances to single top customer ⁽¹⁴⁾	0.79	0.88	(0.09)
Ratio of loans and advances to top 10 customers ⁽¹⁴⁾	4.38	4.82	(0.44)



Accounting Data and Financial Indicator Highlights

Notes:

- (1) Both of the numerator and denominator only include net assets and net profit attribute to ordinary shareholders when calculated net assets per share and earnings per share.
- (2) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.
- (3) Calculated by dividing net profit for the period by the average balance of total equity at the beginning and the end of the period. The average balance of total equity at the beginning and the end of the period deducted other equity instruments.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (6) Calculated by dividing operating expenses, excluding business tax and surcharges, by operating income.
- (7) On June 7, 2012, the CBIRC promulgated the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) to supersede the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks (《商業銀行資本充足率管理辦法》), effective from January 1, 2013.
- (8) Calculated by dividing total non-performing loans by gross loans to customers.
- (9) Calculated by dividing allowance for impairment losses on loans by total non-performing loans.
- (10) Calculated by dividing allowance for impairment losses on loans by gross loans to customers.
- (11) Calculated by dividing in-sheet balance and off-sheet balance of capital (after adjustment) into tier-one net capital according to the regulatory standards of CBIRC and based on the reviewed data.
- (12) Calculated by dividing current liabilities into current assets according to the regulatory standards of CBIRC.
- (13) Calculated by dividing net cash outflows in the next 30 days into qualified high-quality current assets according to the regulatory standards of CBIRC.
- (14) Ratio of loans and advances to single top customer and ratio of loans and advances to top 10 customers were recalculated according to the regulatory standards of CBIRC and based on the reviewed data.

Management Discussion and Analysis

1. Past economics and politics

Since 2022, the international environment became more complex and challenging, the epidemic relapsed, the adverse impacts increased significantly, the economic development was extremely unusual, unexpected outburst of factors brought serious impact, and the downward pressure on the economy in the second quarter has increased significantly. Faced with the extremely complex and difficult situation, all regions and departments, under the robust leadership of the CPC Central Committee with Comrade Xi Jinping at its core, thoroughly implemented the decisions and deployments of the CPC Central Committee and the State Council, efficiently coordinated epidemic prevention and control and economic and social development, ramped up the adjustment of macroeconomic policies, and effectively implemented a package of policy measures to stabilize the economy. As a result, the resurgence of the epidemic has been effectively controlled, the national economy has stabilized and rebounded, production demand has improved marginally, the market price was mostly stable, people's livelihood has been strongly and effectively protected, the high-quality development momentum continued, and the overall social situation remained stable. In the first half of 2022, GDP exceeded RMB56 trillion, increasing by 2.5% year-on-year, and the economy has achieved positive growth.

Since 2022, faced with unexpected factors at home and abroad, Jiangxi Province thoroughly implemented the decisions and arrangements of the CPC Central Committee and the State Council as well as the work requirements of the CPC Provincial Committee and the provincial government, efficiently coordinated epidemic prevention and control and economic and social development. It responded to rapid changes with quick actions, identified and addressed changes, and took practical actions to accurately win the battle against the epidemic outbreak. It intensively issued a series of extraordinary measures to stabilize growth. As a result, the province's economic recovery has accelerated, showing a steady recovery trend. In the first half of 2022, the GDP of Jiangxi Province increased by 4.9% year-on-year, ranking third in the domestic.

Since 2022, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CBIRC has been conscientiously implementing the decisions and arrangements of the CPC Central Committee and the State Council, fully supporting and stabilizing the macro economy, striving to prevent and mitigate financial risks, and continuing to deepen the structural reform on the financial supply side, so as to promote the high-quality development of the banking and insurance industry. First, it fully supported efforts to stabilize growth, market players, and employment. In the first half of the year, RMB loans increased by RMB919.2 billion year-on-year, and banking and insurance institutions increased additional bond investment by RMB6.6 trillion, a year-on-year increase of RMB3.3 trillion. Second, it facilitated the transformation, upgrade and high-quality development of economy. Promoted the high-quality development of the financial services manufacturing industry. In the first half of the year, manufacturing loans increased by RMB3.3 trillion, a year-on-year increase of RMB1.6 trillion, of which high-tech manufacturing increased by 28.9% year-on-year. Third, it continued to ramp up efforts in risk prevention and control. In the first half of the year, RMB1.41 trillion of non-performing assets were disposed of, an increase of RMB219.7 billion year-on-year. Fourth, it deepened the structural reform on the financial supply side. It continued to improve the regulatory framework of laws and regulations, improved the long-acting mechanism of risk prevention and control, continued to strengthen the corporate governance of banking and insurance institutions, strengthened financial technology empowerment, and promoted the digital and intelligent transformation of the banking and insurance industry.

Management Discussion and Analysis

Since 2022, the People's Bank of China has stepped up efforts to implement a prudent monetary policy, given play to the dual functions of monetary policy tools in terms of volume and structure, actively responded to challenges, endeavored to serve the real economy, in order to stabilize the macro economy. In the first half of the year, the People's Bank of China lowered the reserve requirement ratio by 0.25 percentage point, handed over RMB900 billion of the retained profits, and reasonably increased the supply of liquidity. Financial institutions increased their credit support for the real economy. The credit structure continued to be optimized. The People's Bank of China gave full play to the precise guiding role of the structural monetary policy, and continuously strengthened its support for key areas and weak links of the national economy.

2. Operation overview

In face of repeated COVID-19 epidemic and economic downturn during the reporting period, the Group actively implemented the national macro policies and regulatory guidance, and made a good start in business development.

In the first half of 2022, the Group realized operating income of RMB5,212 million and the net profit amounted to RMB1,039 million. As of June 30, 2022, the total assets of the Group amounted to RMB478,446 million, representing an increase of 3.7% as compared to the end of last year; gross loans and advances to customers amounted to RMB275,673 million, representing an increase of 10.4% as compared to the end of last year; the total customer deposits amounted to RMB362,090 million, representing an increase of 5.0% as compared to the end of last year; the non-performing loan ratio amounted to 1.57%; general allowance ratio amounted to 188.33%; capital adequacy ratio amounted to 12.73%, with all the main regulatory indicators meeting regulatory requirements.

Management Discussion and Analysis

3. Income statement analysis

For the six months ended June 30, 2022, the Group achieved a profit before taxation of RMB1,127 million, representing a year-on-year decrease of 12.5%; the Group achieved a net profit of RMB1,039 million, representing a year-on-year decrease of 8.0%.

	For the six months ended June 30,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income	9,971.7	9,243.2	728.5	7.9
Interest expense	(5,624.6)	(5,241.2)	(383.4)	7.3
Net interest income	4,347.1	4,002.0	345.1	8.6
Fee and commission income	394.7	356.0	38.7	10.9
Fee and commission expense	(57.2)	(47.5)	(9.7)	20.4
Net fee and commission income	337.5	308.5	29.0	9.4
Net gains arising from financial investments	396.8	541.6	(144.8)	(26.7)
Other income, gains or losses	130.7	76.5	54.2	70.8
Operating income	5,212.1	4,928.6	283.5	5.8
Operating expenses	(1,338.9)	(1,191.8)	(147.1)	12.3
Impairment losses on assets	(2,751.6)	(2,453.0)	(298.6)	12.2
Share of profits of associates	5.6	4.5	1.1	24.4
Profit before taxation	1,127.2	1,288.3	(161.1)	(12.5)
Income tax expense	(88.4)	(159.6)	71.2	(44.6)
Net profit for the period	1,038.8	1,128.7	(89.9)	(8.0)
Net profit for the period attribute to:				
Equity shareholders of the Bank	1,023.7	1,087.1	(63.4)	(5.8)
Non-controlling interests	15.1	41.6	(26.5)	(63.7)

Management Discussion and Analysis

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

During the reporting period, the Group achieved a net interest income of RMB4,347 million, representing an increase of RMB345 million, or 8.6% compared to the same period of last year, accounting for 83.4% of operating income.

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

	For the six months ended June 30,					
	2022			2021		
	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	257,406.0	6,880.3	5.35	219,680.3	5,942.7	5.41
Financial investments ⁽²⁾	127,300.8	2,614.9	4.11	118,467.3	2,760.4	4.66
Financial assets held under resale agreements	27,267.9	248.6	1.82	23,578.0	250.5	2.12
Balances with the central bank ⁽³⁾	29,390.2	220.5	1.50	32,434.5	249.0	1.54
Deposits with banks and other financial institutions ⁽⁴⁾	2,798.1	7.4	0.53	4,146.0	40.6	1.96
Total interest-earning assets	444,163.0	9,971.7	4.49	398,306.1	9,243.2	4.64
Interest-bearing liabilities						
Customer deposits	346,132.2	4,564.9	2.64	309,954.9	4,052.8	2.62
Deposits from banks and other financial institutions ⁽⁵⁾	17,040.7	213.5	2.51	19,116.0	253.1	2.65
Financial assets sold under repurchase agreements ⁽⁶⁾	19,629.1	160.0	1.63	17,432.0	162.6	1.87
Debt securities issued ⁽⁷⁾	29,597.8	446.7	3.02	33,721.5	575.5	3.41
Borrowings from the central bank ⁽⁶⁾	22,755.6	239.5	2.10	18,302.6	197.2	2.15
Total interest-bearing liabilities	435,155.4	5,624.6	2.59	398,527.0	5,241.2	2.63

Management Discussion and Analysis

For the six months ended June 30,					
2022			2021		
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)					
Net interest income	4,347.1		4,002.0		
Net interest spread (%)⁽⁸⁾	1.90		2.01		
Net interest margin (%)⁽⁹⁾	1.96		2.01		

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.
- (3) Consists primarily of statutory deposit reserves and surplus deposit reserves.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) The Group reclassified the collateralized securities repurchase from financial assets sold under repurchase agreements to borrowings from the central bank, and adjusted the comparative figures accordingly.
- (7) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.
- (8) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities.
- (9) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.



Management Discussion and Analysis

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

For the six months ended June 30,			
Changes in 2022 vs. 2021			
Reasons of increase/(decrease)			
	Scale⁽¹⁾	Rate⁽²⁾	Net increase/ decrease⁽³⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Interest-earning assets			
Loans and advances to customers	1,014.8	(77.2)	937.6
Financial investments	204.6	(350.1)	(145.5)
Financial assets held under resale agreements	39.0	(40.9)	(1.9)
Balances with the central bank ⁽⁴⁾	(22.6)	(5.9)	(28.5)
Deposits with banks and other financial institutions ⁽⁵⁾	(13.2)	(20.0)	(33.2)
Change in interest income	1,222.6	(494.1)	728.5
Interest-bearing liabilities			
Customer deposits	477.5	34.6	512.1
Deposits from banks and other financial institutions ⁽⁶⁾	(27.7)	(11.9)	(39.6)
Financial assets sold under repurchase agreements ⁽⁷⁾	21.0	(23.6)	(2.6)
Debt securities issued ⁽⁸⁾	(71.1)	(57.7)	(128.8)
Borrowings from the central bank ⁽⁷⁾	48.0	(5.7)	42.3
Change in interest expense	447.7	(64.3)	383.4
Change in net interest income	774.9	(429.8)	345.1

Management Discussion and Analysis

Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/interest rate of the previous period.
- (2) Represents the average yield/interest rate of the reporting period deducting the average yield/interest rate of the previous period multiplied by the average balance for the reporting period.
- (3) Represents interest income/expense during the reporting period deducting interest income/expense from the previous period.
- (4) Consists primarily of statutory deposit reserves and surplus deposit reserves.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (7) The Group reclassified the collateralized securities repurchase from financial assets sold under repurchase agreements to borrowings from the central bank, and adjusted the comparative figures accordingly.
- (8) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.

3.2 Interest income

For the six months ended June 30, 2022, the Group achieved interest income of RMB9,972 million, representing a year-on-year increase of RMB729 million, or 7.9%. The increase in interest income was mainly due to the increase in the average balance of interest-earning assets, though it was partially offset by decrease in the average asset yield. During the reporting period, the increase in the average balance of interest-earning assets of the Group was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average asset yield was mainly due to the decrease in the yield of loans and advances to customers and financial investments of the Group as a result of the acceleration of interest rate marketization and the downward trend of the macro market interest rate.

3.2.1 Interest income from loans and advances to customers

For the six months ended June 30, 2022, interest income from the Group's loans and advances to customers was RMB6,880 million, representing a year-on-year increase of RMB938 million or 15.8%, mainly attributable to the increase in the average balance of loans and advances to customers, though it was partially offset by the decrease in the average yield. During the reporting period, the average balance of our loans and advances to customers increased, primarily due to the overall growth of the Group's credit supply. The decrease in the average yield was mainly attributable to the fact that the Group implemented preferential interest rate policies to actually reduce social financing cost and increase the support towards the real economy.

Management Discussion and Analysis

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

	For the six months ended June 30,					
	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate loans and advances	150,562.7	4,138.5	5.50	132,616.5	3,764.9	5.68
Retail loans and advances	87,142.0	2,440.8	5.60	69,531.0	1,877.7	5.40
Discounted bills	19,701.3	301.0	3.06	17,532.8	300.1	3.42
Total	257,406.0	6,880.3	5.35	219,680.3	5,942.7	5.41

3.2.2 Interest income from financial investments

For the six months ended June 30, 2022, interest income from financial investments of the Group amounted to RMB2,615 million, representing a year-on-year decrease of RMB146 million or 5.3%, mainly because the Group adopted a prudent financial investment strategy by appropriately increasing low-risk investments such as government bonds, which resulted in a decreased interest yield on financial investment and a decreased interest income correspondingly.

3.2.3 Interest income from financial assets held under resale agreements

For the six months ended June 30, 2022, interest income from financial assets held under resale agreements of the Group amounted to RMB249 million, which was basically the same as that of the same period of the previous year.

3.2.4 Interest income from balances with the central bank

For the six months ended June 30, 2022, interest income from balances with the central bank of the Group was RMB221 million, representing a year-on-year decrease of RMB29 million or 11.4%, mainly due to the decrease in the average balance of the Group's reserves in the central bank.

Management Discussion and Analysis

3.2.5 Interest income from deposits with banks and other financial institutions

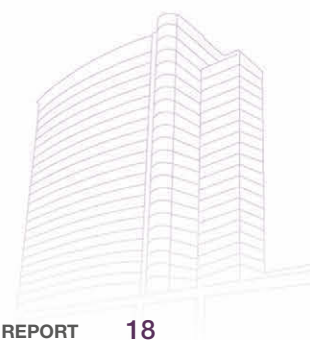
For the six months ended June 30, 2022, the interest income with deposits with banks and other financial institutions of the Group was RMB7 million, representing a year-on-year decrease of RMB33 million or 81.8%. This was mainly due to the decrease in both the yields and scale of deposits with banks and other financial institutions.

3.3 Interest expense

For the six months ended June 30, 2022, interest expense of the Group amounted to RMB5,625 million, representing a year-on-year increase of RMB383 million, or 7.3%.

3.3.1 Interest expense on customer deposits

For the six months ended June 30, 2022, interest expense on customer deposits of the Group amounted to RMB4,565 million, representing a year-on-year increase of RMB512 million, or 12.6%, primarily due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group.



Management Discussion and Analysis

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

	For the six months ended June 30,					
	2022			2021		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate deposits						
Demand	109,894.4	857.4	1.56	96,655.0	614.9	1.27
Time	48,976.7	783.1	3.20	54,271.9	920.9	3.39
Pledged deposits	44,528.8	499.3	2.24	34,512.7	395.1	2.29
Subtotal	203,399.9	2,139.8	2.10	185,439.6	1,930.9	2.08
Personal deposits						
Demand	21,609.3	70.8	0.66	18,897.1	50.9	0.54
Time	118,796.3	2,322.9	3.91	105,464.6	2,071.0	3.93
Subtotal	140,405.6	2,393.7	3.41	124,361.7	2,121.9	3.41
Convertible negotiated deposit	2,000.0	31.4	3.14	-	-	-
Others	326.7	-	-	153.6	-	-
Total customer deposits	346,132.2	4,564.9	2.64	309,954.9	4,052.8	2.62

3.3.2 Interest expense on deposits from banks and other financial institutions

For the six months ended June 30, 2022, interest expense on deposits from banks and other financial institutions of the Group was RMB214 million, representing a year-on-year decrease of RMB40 million or 15.6%, mainly due to the decrease in both interest rate and scale as the Group strengthened the daily management of interbank liabilities and moderately controlled daily average scale and structure.

3.3.3 Interest expense on financial assets sold under repurchase agreements

For the six months ended June 30, 2022, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB160 million, basically kept flat with the same period of last year.

Management Discussion and Analysis

3.3.4 Interest expense from debt securities issued

For the six months ended June 30, 2022, interest expense from the issued debt securities of the Group amounted to RMB447 million, representing a year-on-year decrease of RMB129 million, or 22.4%. This was mainly due to the expiration of the green financial bonds of RMB4,000 million with higher interest rate issued by the Group in the second half of 2021.

3.3.5 Interest expense on borrowings from the central bank

For the six months ended June 30, 2022, interest expense on borrowings from the central bank of the Group amounted to RMB240 million, representing a year-on-year increase of RMB42 million, or 21.5%. This was mainly due to the increase in the average balance of borrowings from the central bank of the Group.

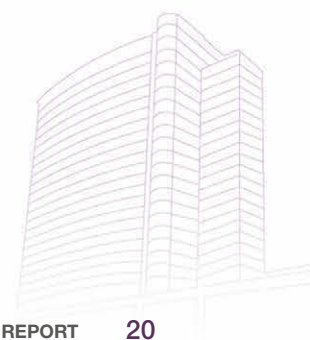
3.3.6 Net interest spread and net interest margin

For the six months ended June 30, 2022, net interest spread of the Group decreased from 2.01% in the same period of the previous year to 1.90%. The net interest margin decreased from 2.01% in the previous year to 1.96%, mainly due to the narrowing of interest spread in the overall macro market as a result of the acceleration of interest rate marketization.

3.4 Non-interest income

3.4.1 Fee and commission income

For the six months ended June 30, 2022, the fee and commission income of the Group amounted to RMB395 million, representing a year-on-year increase of RMB39 million or 10.9%, mainly attributable to strengthening management of intermediary business of the Group.



Management Discussion and Analysis

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

	For the six months ended June 30,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income				
Wealth management fees	105.0	82.6	22.4	27.1
Credit commitments and financial guarantees fees	99.9	74.3	25.6	34.5
Settlement and clearing fees	95.9	42.6	53.3	125.1
Agency service fees	58.5	85.5	(27.0)	(31.6)
Bank card fees	32.0	67.1	(35.1)	(52.3)
Transaction and consultancy fees	3.4	3.9	(0.5)	(12.8)
Subtotal	394.7	356.0	38.7	10.9
Fee and commission expense				
Transaction fees	(29.1)	(23.7)	(5.4)	22.8
Settlement fees	(21.6)	(16.1)	(5.5)	34.2
Others	(6.5)	(7.7)	1.2	(15.6)
Subtotal	(57.2)	(47.5)	(9.7)	20.4
Net fee and commission income	337.5	308.5	29.0	9.4

For the six months ended June 30, 2022, the wealth management fee income of the Group amounted to RMB105 million, representing a year-on-year increase of RMB22 million or 27.1%, mainly attributable to the expansion of scale of the Group's wealth management assets.

For the six months ended June 30, 2022, credit commitments and financial guarantees fees income of the Group amounted to RMB100 million, representing a year-on-year increase of RMB26 million or 34.5%, mainly attributable to the growth in letters of guarantees business and commercial bill acceptance business of the Group.

Management Discussion and Analysis

For the six months ended June 30, 2022, settlement and clearing fees income of the Group amounted to RMB96 million, representing a year-on-year increase of RMB53 million or 125.1%, mainly due to increased letters of credit fees.

For the six months ended June 30, 2022, agency service fee income of the Group amounted to RMB59 million, representing a year-on-year decrease of RMB27 million or 31.6%, mainly attributable to the decline in fee ratio for bond underwriting business of the Group.

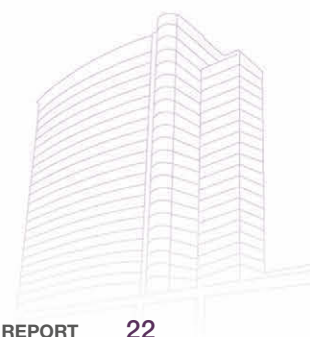
3.4.2 Net gains arising from financial investments

For the six months ended June 30, 2022, net gains arising from financial investments of the Group reached RMB397 million, representing a year-on-year decrease of RMB145 million, or 26.7%, mainly due to the decrease in yield and scale of financial investments measured at fair value through profit or loss as a result of the implementation of the national policy guidance and adoption of steady financial investment strategies by the Group.

3.5 Operating expenses

For the six months ended June 30, 2022, operating expenses of the Group amounted to RMB1,339 million, representing a year-on-year increase of RMB147 million or 12.3%, which was in line with the overall growth of the business of the Group.

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



Management Discussion and Analysis

For the six months ended June 30,

	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Staff costs	716.4	634.5	81.9	12.9
General and administrative expenses	306.0	271.1	34.9	12.9
Tax and surcharges	60.6	59.6	1.0	1.7
Depreciation and amortisation (excluding investment properties)	203.3	174.8	28.5	16.3
Depreciation on right-of-use assets	43.2	40.1	3.1	7.7
Rental and property management expenses	9.4	11.7	(2.3)	(19.7)
Total operating expenses	1,338.9	1,191.8	147.1	12.3

For the six months ended June 30, 2022, staff costs of the Group amounted to RMB716 million, representing a year-on-year increase of RMB82 million or 12.9%, mainly attributable to the increase in the number of employees of the Group along with our continuous business expansion.

For the six months ended June 30,

	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Salaries, bonuses and allowances	578.9	514.7	64.2	12.5
Staff welfares	30.0	27.2	2.8	10.3
Social insurance and supplementary retirement benefits	60.5	50.3	10.2	20.3
Housing funds	34.8	28.7	6.1	21.3
Employee education expenses and labour union expenses	12.2	13.6	(1.4)	(10.3)
Total staff costs	716.4	634.5	81.9	12.9

Management Discussion and Analysis

For the six months ended June 30, 2022, general and administrative expenses of the Group were RMB306 million, representing a year-on-year increase of RMB35 million or 12.9%, which was moderately in line with its business development and management.

For the six months ended June 30, 2022, the tax and surcharges of the Group were RMB61 million, basically kept flat with the same period of last year.

For the six months ended June 30, 2022, depreciation and amortisation amounted to RMB203 million, representing a year-on-year increase of RMB29 million or 16.3%. This is primarily due to changes in tangible assets, property and equipment and renovation expenses of the Group.

3.6 Impairment losses on assets

For the six months ended June 30, 2022, the Group's impairment losses on assets were RMB2,752 million, representing a year-on-year increase of RMB299 million or 12.2%, which was mainly due to the expected downward pressure on the economy, therefore, the Group increased the allowances for assets impairment.

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

	For the six months ended June 30,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers at amortised cost	2,197.2	1,301.3	895.9	68.8
Loans and advances to customers at FVOCI	3.0	(69.3)	72.3	(104.3)
Financial investments measured at amortised cost	548.3	1,156.2	(607.9)	(52.6)
Financial investments measured at FVOCI	1.5	(1.6)	3.1	(193.8)
Others ⁽¹⁾	1.6	66.4	(64.8)	(97.6)
Total impairment losses on assets	2,751.6	2,453.0	298.6	12.2

Management Discussion and Analysis

Note:

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

3.7 Income tax expense

For the six months ended June 30, 2022, income tax of the Group was RMB88 million, representing a year-on-year decrease of RMB71 million or 44.6%, mainly attributable to the exemption of enterprise income tax on dividends of funds and interest income from the Group's investments in national bonds and local government bonds and pre-tax deduction of interest expense for issuance of perpetual bonds.

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

	For the six months ended June 30,			
	2022	2021	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current income tax	365.5	556.7	(191.2)	(34.3)
Tax filling differences	42.3	33.2	9.1	27.4
Deferred tax	(319.4)	(430.3)	110.9	(25.8)
Total income tax expenses	88.4	159.6	(71.2)	(44.6)

4. Analysis of major financial position items

4.1 Assets

As of June 30, 2022, total assets of the Group were RMB478,446 million, representing an increase of RMB16,943 million or 3.7% as compared to the end of last year, mainly due to the increase in (i) loans and advances to customers; and (ii) financial investments.

Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Gross loans and advances to customers	275,672.6	57.6	249,714.5	54.1
Accrued interest on loans and advances to customers	867.4	0.2	755.3	0.2
Less: Allowances for impairment losses	(8,154.6)	(1.7)	(7,531.4)	(1.6)
Net loans and advances to customers	268,385.4	56.1	242,938.4	52.7
Financial investments, net	150,007.9	31.4	147,275.3	31.9
Cash and balances with the central bank	32,720.2	6.8	35,673.0	7.7
Deposits with banks and other financial institutions	2,023.5	0.4	2,695.5	0.6
Financial assets held under resale agreements	11,440.3	2.4	19,384.8	4.2
Interests in associates	131.6	0.0	129.2	0.0
Other assets ⁽¹⁾	13,737.3	2.9	13,406.8	2.9
Total assets	478,446.2	100.0	461,503.0	100.0

Note:

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

4.1.1 Loans and advances to customers

As of June 30, 2022, gross loans and advances to customers of the Group amounted to RMB275,673 million, representing an increase of RMB25,958 million, or 10.4% from the end of the previous year.

Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans and advances	156,858.6	56.9	149,682.1	59.9
Retail loans and advances	92,298.2	33.5	86,589.4	34.7
Discounted bills	26,515.8	9.6	13,443.0	5.4
Gross loans and advances to customers	275,672.6	100.0	249,714.5	100.0

(1) Corporate loans and advances

As of June 30, 2022, the total corporate loans and advances of the Group amounted to RMB156,859 million, representing an increase of RMB7,177 million or 4.8% from the end of the previous year. The increase in the gross corporate loans and advances was mainly due to the fact that the Group proactively expanded the credit investment to support the real economy.

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Working capital loans	95,065.1	60.6	92,161.7	61.6
Fixed asset loans	44,042.0	28.1	42,097.1	28.1
Trade finance loans	15,488.4	9.9	13,145.1	8.8
Others	2,263.1	1.4	2,278.2	1.5
Total corporate loans and advances	156,858.6	100.0	149,682.1	100.0

Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Large enterprise ⁽¹⁾	16,825.0	10.7	17,031.8	11.4
Medium enterprise ⁽¹⁾	44,688.5	28.5	43,548.8	29.1
Small enterprise ⁽¹⁾	72,001.4	45.9	63,302.9	42.3
Micro enterprise ⁽¹⁾	20,231.6	12.9	22,270.0	14.9
Others ⁽²⁾	3,112.1	2.0	3,528.6	2.3
Total corporate loans and advances	156,858.6	100.0	149,682.1	100.0

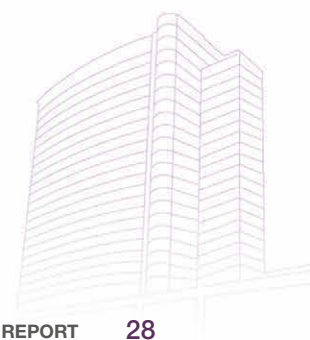
Notes:

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

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

(2) Retail loans and advances

As of June 30, 2022, total retail loans and advances of the Group amounted to RMB92,298 million, representing an increase of RMB5,709 million, or 6.6% as compared to the end of last year. The continuous increase of the retail loans and advances was mainly due to the steady development of the Group's personal loans for business purposes.



Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Residential mortgage loans	34,504.9	37.4	33,939.3	39.2
Personal loans for business purposes	33,617.3	36.4	28,646.8	33.1
Personal loans for consumption	17,940.1	19.4	18,386.5	21.2
Credit card	6,235.9	6.8	5,616.8	6.5
Total retail loans and advances	92,298.2	100.0	86,589.4	100.0

(3) Discounted bills

As of June 30, 2022, discounted bills of the Group were RMB26,516 million, representing an increase of RMB13,073 million or 97.2% as compared to the end of last year, mainly attributable to less fund utilization from discounted bills and low financing cost for customers.

Management Discussion and Analysis

4.1.2 Financial investments

As of June 30, 2022, the total financial investments of the Group were RMB154,268 million, increasing by RMB3,054 million, or 2.0% over that at the end of last year, primarily due to the increase in debt securities held by the Group.

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Financial investments at fair value through profit or loss	21,982.9	14.3	21,829.2	14.4
Financial investments at fair value through other comprehensive income	39,510.2	25.6	34,458.1	22.8
Financial investments measured at amortised cost	92,774.6	60.1	94,926.0	62.8
Total financial investments	154,267.7	100.0	151,213.3	100.0



Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Debt securities				
Government bonds	54,182.4	35.1	45,745.1	30.3
Debt securities issued by PRC policy banks	27,273.4	17.7	30,433.0	20.1
Debt securities issued by PRC corporate issuers	17,138.5	11.1	18,935.1	12.5
Debt securities issued by other PRC banks and financial institutions	7,790.3	5.0	5,595.0	3.7
Subtotal	106,384.6	68.9	100,708.2	66.6
Non-standard investment				
Trust beneficiary rights and asset management plans	28,482.2	18.5	31,521.2	20.8
Other investments at fair value through profit or loss	4,763.1	3.1	4,928.5	3.3
Subtotal	33,245.3	21.6	36,449.7	24.1
Other financial investments				
Fund investments	11,824.1	7.7	11,681.9	7.7
Equity investments	984.8	0.6	257.6	0.2
Subtotal	12,808.9	8.3	11,939.5	7.9
Accrued interest	1,828.9	1.2	2,115.9	1.4
Total financial investments	154,267.7	100.0	151,213.3	100.0
Less: Allowances for impairment losses	(4,259.8)		(3,938.0)	
Financial investments, net	150,007.9		147,275.3	

Management Discussion and Analysis

4.1.3 Other Components of the Group's Assets

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

As of June 30, 2022, the total amount of cash and balances with the central bank was RMB32,720 million, representing a decrease of RMB2,953 million or 8.3% from the end of the previous year, mainly due to the fact that the Group strategically adjusted the assets structure portfolio and increased the investment in other interest-earning assets while ensuring the safety of liquidity.

As of June 30, 2022, the total amount of deposits with banks and other financial institutions was RMB2,024 million, representing a decrease of RMB672 million or 24.9% from the end of the previous year. The decrease was mainly due to the adjustment of liquidity management measures by the Group based on the funding situation and market liquidity changes.

As of June 30, 2022, the total amount of financial assets held under resale agreements of the Group was RMB11,440 million, representing a decrease of RMB7,945 million or 41.0% as compared with the end of the last year. This is mainly due to the decrease of financial assets held under resale agreements based on the Group's liquidity management measures.



Management Discussion and Analysis

4.2 Liabilities

As of June 30, 2022, the total liabilities of the Group were RMB442,512 million, increasing by RMB16,422 million, or 3.9% 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 Group.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrowings from the central bank	19,519.0	4.4	25,365.2	6.0
Customer deposits	362,089.5	81.8	344,851.1	80.9
Deposits from banks and other financial institutions	12,756.2	2.9	13,540.2	3.2
Placements from banks and other financial institutions	5,072.6	1.1	5,416.0	1.2
Financial assets sold under repurchase agreements	11,172.6	2.5	989.2	0.2
Debt securities issued	27,915.0	6.3	31,446.8	7.4
Other liabilities ⁽¹⁾	3,987.3	1.0	4,481.3	1.1
Total liabilities	442,512.2	100.0	426,089.8	100.0

Note:

- (1) Consisted of income tax payable, lease liabilities, provisions, salaries payable, settlement and clearing accounts, and dividend payable, etc.

4.2.1 Customer deposits

As of June 30, 2022, the Group recorded total customer deposits of RMB362,090 million, increasing by RMB17,238 million, or 5.0% over that at the end of last year, mainly due to the fact that the Group put more efforts into expanding the deposits business, resulting in a steady increase of customer deposits.

Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Demand deposits				
Corporate customers	113,332.7	31.3	112,743.9	32.7
Individual customers	22,363.3	6.2	20,917.6	6.1
Subtotal	135,696.0	37.5	133,661.5	38.8
Time deposits				
Corporate customers	51,795.4	14.3	50,738.6	14.7
Individual customers	122,743.7	33.9	108,297.8	31.4
Subtotal	174,539.1	48.2	159,036.4	46.1
Pledged deposits	41,771.9	11.5	43,016.6	12.5
Convertible negotiated deposits	2,000.0	0.6	2,000.0	0.6
Other deposits⁽¹⁾	348.9	0.1	476.8	0.1
Accrued interest	7,733.6	2.1	6,659.8	1.9
Total customer deposits	362,089.5	100.0	344,851.1	100.0

Note:

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

4.2.2 Deposits from banks and other financial institutions

As of June 30, 2022, the balance of the Group's deposits from banks and other financial institutions was RMB12,756 million, decreasing by RMB784 million, or 5.8% from that at the end of last year, mainly due to the Group's strategic adjustment on the financing structure portfolio, and properly decreased deposits from banks and other financial institutions.

Management Discussion and Analysis

4.2.3 Borrowings from the central bank

As of June 30, 2022, the balance of the Group's borrowings from the central bank was RMB19,519 million, representing a decrease of RMB5,846 million, or 23.0%, as compared with the end of last year. The decrease was primarily due to expiration of the Group's certain existing borrowings from the central bank.

4.2.4 Financial assets sold under repurchase agreements

As of June 30, 2022, the Group's financial assets sold under repurchase agreements valued RMB11,173 million, representing an increase of RMB10,183 million or 1029.5% as compared to the end of last year. The increase was primarily due to the adjustment of the Group on selling bonds for repurchase in compliance with the capital liquidity management measures.

4.2.5 Debt securities issued

As of June 30, 2022, the Group's debt securities issued was RMB27,915 million, decreasing by RMB3,532 million or 11.2% as compared to the end of last year, which was primarily due to the Group's adjustment of the issuance of interbank negotiable certificates of deposit in order to strengthen management on active interbank liabilities.

4.3 Equity

As of June 30, 2022, the total equity of the Group was RMB35,934 million, increasing by RMB521 million, or 1.5% over that at the end of last year. The equity attributable to equity shareholders of the Bank was RMB35,194 million, increasing by RMB510 million, or 1.5% over that at the end of last year. The increase in the Group's equity was mainly due to sustainable profitability of the Group.

Management Discussion and Analysis

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Share capital	2,407.4	6.7	2,407.4	6.8
Other equity instruments	6,997.8	19.5	6,997.8	19.8
Share premium	8,152.3	22.7	8,152.3	23.0
Surplus reserve	4,140.5	11.5	4,140.5	11.7
General reserve	5,195.5	14.5	5,195.5	14.7
Investment revaluation reserve	219.6	0.5	156.4	0.4
Retained earnings	8,081.0	22.5	7,634.0	21.5
Equity attributable to equity shareholders of the Bank	35,194.1	97.9	34,683.9	97.9
Non-controlling interests	739.9	2.1	729.3	2.1
Total equity	35,934.0	100.0	35,413.2	100.0

5. Off-balance sheet commitments

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

	As of June 30, 2022	As of December 31, 2021
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Credit commitments		
Unused credit card commitments	21,058.8	16,835.3
Acceptances	49,343.8	49,976.6
Letters of credit	15,887.9	13,351.8
Letters of guarantees	13,696.2	17,372.7
Total	99,986.7	97,536.4

Management Discussion and Analysis

As of June 30, 2022, the Group's off-balance sheet commitments was RMB99,987 million, which was mainly due to the growth of credit card and letters of credit business. For details on off-balance sheet commitments, see Note 40 to the financial statement in this report.

6. Loan quality analysis

The Group paid close attention to external dynamics and took concrete steps to strengthen full-process management over loans, sped up credit structure adjustment, intensified collection and disposal of non-performing loans and enhanced risk management performance assessment, thereby maintaining the overall loan quality at a manageable level. Due to the impact of the COVID-19 epidemic, the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors, the Group's non-performing loans were under the upward pressure. As of June 30, 2022, the balance of non-performing loans was RMB4,338 million, representing an increase of RMB824 million as compared to the end of the previous year; non-performing loan ratio was 1.57%, representing an increase of 0.16 percentage point as compared to the end of the previous 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 of the Group categorized by five-category loan classification.

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Normal	259,801.9	94.25	236,783.6	94.82
Special mention	11,532.3	4.18	9,416.6	3.77
Substandard	1,806.9	0.66	653.7	0.26
Doubtful	810.7	0.29	426.6	0.17
Loss	1,720.8	0.62	2,434.0	0.98
Gross loans and advances to customers	275,672.6	100.00	249,714.5	100.00
Non-performing loan ratio (%)⁽¹⁾		1.57		1.41

Note:

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

Management Discussion and Analysis

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB271,334 million, accounting for 98.43%, among which, total non-performing loans amounted to RMB4,338 million, the non-performing loan ratio was 1.57%, representing an increase of 0.16 percentage point as compared to the end of the previous year.

6.2 Distribution of loans and non-performing loans classified by business type

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

	As of June 30, 2022				As of December 31, 2021			
	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 and advances								
Working capital loans	95,065.1	34.5	2,467.0	2.60	92,161.7	36.8	1,835.3	1.99
Fixed asset loans	44,042.0	16.0	256.7	0.58	42,097.1	16.9	259.2	0.62
Trade finance loans	15,488.4	5.6	19.3	0.12	13,145.1	5.3	0.3	0.00
Others ⁽¹⁾	2,263.1	0.8	199.9	8.83	2,278.2	0.9	258.3	11.34
Subtotal	156,858.6	56.9	2,942.9	1.88	149,682.1	59.9	2,353.1	1.57
Retail loans and advances								
Residential mortgage loans	34,504.9	12.5	301.5	0.87	33,939.3	13.6	214.2	0.63
Personal loans for business purposes	33,617.3	12.2	765.4	2.28	28,646.8	11.5	544.2	1.90
Personal loans for consumption	17,940.1	6.5	265.9	1.48	18,386.5	7.4	336.6	1.83
Credit card	6,235.9	2.3	62.7	1.01	5,616.8	2.2	66.2	1.18
Subtotal	92,298.2	33.5	1,395.5	1.51	86,589.4	34.7	1,161.2	1.34
Discounted bills	26,515.8	9.6	-	-	13,443.0	5.4	-	-
Gross loans and advances to customers	275,672.6	100.0	4,338.4	1.57	249,714.5	100.0	3,514.3	1.41

Management Discussion and Analysis

Note:

- (1) Others mainly include advances for bank acceptance bills in corporate loans, domestic letters of credit advances, third-party loans and merger and acquisition loans.

As of June 30, 2022, the Group's balance of corporate loans and advances amounted to RMB156,859 million, representing an increase of RMB7,177 million as compared to the end of the previous year; the non-performing loan balance of corporate loans and advances amounted to RMB2,943 million, representing an increase of RMB590 million as compared to the end of the previous year; the non-performing loan ratio of the corporate loans and advances increased by 0.31 percentage point as compared to the end of the previous year to 1.88%.

As of June 30, 2022, the Group's balance of retail loans and advances amounted to RMB92,298 million, representing an increase of RMB5,709 million as compared to the end of the previous year; the non-performing loan balance of retail loans and advances amounted to RMB1,396 million, representing an increase of RMB234 million as compared to the end of the previous year; the non-performing loan ratio of retail loans and advances increased by 0.17 percentage point as compared to the end of the previous year to 1.51%.

The increase in the non-performing loan ratio was mainly due to the weakened repayment ability of certain customers affected by overall economic environment and the COVID-19 epidemic.

Management Discussion and Analysis

6.3 Loans and non-performing loans classified by industry

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

	As of June 30, 2022				As of December 31, 2021			
	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	28,971.0	10.5	539.9	1.86	30,832.9	12.3	333.2	1.08
Manufacturing	25,723.1	9.3	360.1	1.40	21,416.7	8.6	245.0	1.14
Wholesale and retail	24,028.6	8.7	670.4	2.79	20,226.3	8.1	362.6	1.79
Construction	21,098.6	7.7	101.4	0.48	20,815.3	8.3	208.2	1.00
Leasing and commercial services	16,877.2	6.1	630.4	3.74	16,199.6	6.5	165.8	1.02
Water conservancy, environment and public utility management	12,709.9	4.6	1.5	0.01	13,262.8	5.3	1.5	0.01
Education	4,930.7	1.8	1.2	0.02	4,526.0	1.8	1.3	0.03
Health and social work	4,725.8	1.7	8.9	0.19	4,571.8	1.8	-	-
Agriculture, forestry, animal husbandry and fishery	4,240.3	1.5	39.5	0.93	3,842.9	1.5	34.0	0.88
Finance	4,038.2	1.5	3.7	0.09	4,409.9	1.8	3.7	0.08
Production and supply of electricity, heating, gas and water	2,239.1	0.8	186.8	8.34	3,245.1	1.3	953.3	29.38
Mining	2,114.1	0.8	3.0	0.14	1,569.9	0.6	1.5	0.10
Transportation, storage and postal services	1,695.8	0.6	360.8	21.28	1,229.4	0.5	6.5	0.53
Accommodation and catering	1,445.0	0.5	9.6	0.66	1,450.1	0.6	12.0	0.83
Residential services, repairing and other services	933.7	0.3	3.0	0.32	974.4	0.4	-	-
Culture, sports and entertainment	475.8	0.3	22.7	4.77	325.4	0.1	24.5	7.53

Management Discussion and Analysis

	As of June 30, 2022				As of December 31, 2021			
	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)								
Information transmission, software and information technology services	404.5	0.1	-	-	637.3	0.3	-	-
Scientific research and technical services	195.2	0.1	-	-	134.3	0.1	-	-
Public administration, public security and social organisations	12.0	0.0	-	-	12.0	0.0	-	-
Total corporate loans and advances	156,858.6	56.9	2,942.9	1.88	149,682.1	59.9	2,353.1	1.57
Total retail loans and advances	92,298.2	33.5	1,395.5	1.51	86,589.4	34.7	1,161.2	1.34
Discounted bills	26,515.8	9.6	-	-	13,443.0	5.4	-	-
Gross loans and advances to customers	275,672.6	100.0	4,338.4	1.57	249,714.5	100.0	3,514.3	1.41

Management Discussion and Analysis

Note:

(1) Calculated by dividing non-performing loans in each industry by gross loans to corporate customers in that industry.

As of June 30, 2022, the Group's non-performing loans of corporate loans and advances were primarily from: (i) wholesale and retail; (ii) leasing and commercial services; (iii) real estate, the non-performing loan ratios of which were 2.79%, 3.74% and 1.86%, respectively.

As of June 30, 2022, the Group's non-performing loan balance of wholesale and retail industry was RMB670 million, increasing by RMB308 million from the end of last year, and the non-performing loan ratio increased by 1.00 percentage point as compared to last year.

As of June 30, 2022, the Group's non-performing loan balance of leasing and commercial services industry was RMB630 million, increasing by RMB465 million from the end of last year, and the non-performing loan ratio increased by 2.72 percentage points as compared to last year.

As of June 30, 2022, the Group's non-performing loan balance of real estate industry was RMB540 million, increasing by RMB207 million from the end of last year, and the non-performing loan ratio increased by 0.78 percentage point as compared to last year.



Management Discussion and Analysis

6.4 Distribution of loans and non-performing loans classified by guarantee type

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

	As of June 30, 2022				As of December 31, 2021			
	% of total amount	Non- performing loan amount	Non- performing loan ratio (%) ⁽¹⁾		% of total amount	Non- performing loan amount	Non- performing loan ratio (%) ⁽¹⁾	
	Amount	(%)	amount	(%) ⁽¹⁾	Amount	(%)	amount	(%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Collateralized loans	103,681.0	37.6	1,908.4	1.84	100,538.8	40.2	1,183.4	1.18
Guaranteed loans	68,398.3	24.8	588.2	0.86	58,398.1	23.4	427.2	0.73
Pledged loans	57,284.5	20.8	1,297.8	2.27	42,396.5	17.0	1,249.5	2.95
Unsecured loans	46,308.8	16.8	544.0	1.17	48,381.1	19.4	654.2	1.35
Total	275,672.6	100.0	4,338.4	1.57	249,714.5	100.0	3,514.3	1.41

Note:

(1) Calculated by dividing the non-performing loans in each guarantee type by the total amount of such loans.

As of June 30, 2022, the Group's non-performing loan balance of pledged loans increased by RMB48 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.68 percentage point; the Group's non-performing loan balance of unsecured loans decreased by RMB110 million as compared to the end of last year and non-performing loan ratio decreased by 0.18 percentage point, primarily because the Group step up the efforts on the collection of such non-performing loans.

As of June 30, 2022, the Group's non-performing loan balance of collateralized loans increased by RMB725 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.66 percentage point; the Group's non-performing loan balance of guaranteed loans increased by RMB161 million as compared to the end of last year. The non-performing loan ratio increased by 0.13 percentage point, mainly due to the weakened repayment ability of some customers.

Management Discussion and Analysis

6.5 Distribution of loans and non-performing loans classified by region

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by region.

	As of June 30, 2022				As of December 31, 2021			
	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)								
Jiangxi Province	225,757.4	81.9	3,586.1	1.59	203,217.4	81.4	3,100.4	1.53
Including: Jiujiang City	85,843.2	31.1	1,698.4	1.98	74,857.6	30.0	894.5	1.19
Guangdong Province	25,711.9	9.3	346.0	1.35	24,234.4	9.7	201.7	0.83
Anhui Province	15,325.6	5.6	135.6	0.88	13,922.0	5.6	54.1	0.39
Others ⁽¹⁾	8,877.7	3.2	270.7	3.05	8,340.7	3.3	158.1	1.90
Total	275,672.6	100.0	4,338.4	1.57	249,714.5	100.0	3,514.3	1.41

Note

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

As of June 30, 2022, the Group's loans released in Jiangxi Province amounted to RMB225,757 million, representing an increase of RMB22,540 million as compared to the end of the previous year, accounting for 81.9% of gross loans and advances to customers of the Bank. Among which, the Group's loans released in Jiujiang City amounted to RMB85,843 million, representing an increase of RMB10,986 million as compared to the end of the previous year. Meanwhile, the Group's non-performing loan balance of Jiangxi Province increased by RMB486 million as compared to the end of last year and the non-performing loan ratio increased by 0.06 percentage point, which was primarily due to the weakened repayment ability of some customers.



Management Discussion and Analysis

6.6 Borrower concentration

As of June 30, 2022, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

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

Industry	As of June 30, 2022		
	Loan balance	% of total loans	% of net capital
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Borrower A Water conservancy, environment public utility management	2,179.0	0.79	5.08
Borrower B Health and social work	1,500.0	0.54	3.50
Borrower C Real estate	1,440.0	0.52	3.36
Borrower D Leasing and commercial services	1,058.0	0.38	2.47
Borrower E Construction	1,029.0	0.37	2.40
Borrower F Construction	1,000.0	0.36	2.33
Borrower G Real estate	990.0	0.36	2.31
Borrower H Discount	981.1	0.36	2.29
Borrower I Water conservancy, environment public utility management	973.0	0.35	2.27
Borrower J Finance	969.4	0.35	2.26
Total	12,119.5	4.38	28.27

As of June 30, 2022, the Group's loan balance to the largest single borrowers amounted to RMB2,179 million, representing 0.79% of the Group's total loans; the total loans to our ten largest single borrowers amounted to approximately RMB12,120 million, representing 4.38% of the Group's total loans, and accounting for 28.27% of the Group's net capital.

Management Discussion and Analysis

6.7 Overdue loans

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

	As of June 30, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	270,268.9	98.0	244,980.3	98.0
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	2,369.7	0.9	1,964.7	0.8
3 months to 1 year	1,773.3	0.6	891.3	0.4
1 to 3 years	1,035.9	0.4	1,648.1	0.7
Over 3 years	224.8	0.1	230.1	0.1
Subtotal	5,403.7	2.0	4,734.2	2.0
Gross loans and advances to customers	275,672.6	100.0	249,714.5	100.0

Note:

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

As of June 30, 2022, the gross overdue loans amounted to RMB5,404 million, representing an increase of RMB670 million as compared to the end of last year; overdue loans accounted for 2.0% of gross loans and advances to customers, which kept flat with the end of the last year. The increase in overdue loans was primarily due to the fact that the Group's overdue loans were under the upward pressure affected by the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors.



Management Discussion and Analysis

6.8 Changes in allowance for impairment losses on loans

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

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

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

	As of June 30, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Balance at the beginning of the year	7,531.4	5,221.7
Provision for the period/year	2,197.2	3,458.1
Write-offs and transferred out for the period/year	(1,658.9)	(1,309.3)
Recoveries of write-offs for the period/year	84.9	160.9
Balance at the end of the period/year	8,154.6	7,531.4

As of June 30, 2022, the Group's allowance for impairment losses on loans amounted to RMB8,155 million, representing an increase of RMB623 million or 8.27% as compared to the end of the previous year, which was mainly due to the fact that the Bank strengthened the efforts on the overall provision for assets.

Management Discussion and Analysis

7. Segment reporting

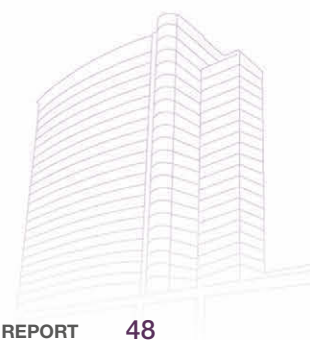
7.1 By geographical region

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

	As of June 30, 2022		As of June 30, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	4,578.2	87.9	3,310.1	67.2
Guangdong Province	312.6	6.0	881.7	17.9
Anhui Province	220.3	4.2	583.8	11.8
Other areas ⁽¹⁾	101.0	1.9	153.0	3.1
Total operating income	5,212.1	100.0	4,928.6	100.0

Note:

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



Management Discussion and Analysis

7.2 By business segment

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

	As of June 30, 2022		As of June 30, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking	2,541.4	48.8	2,415.3	49.0
Retail banking	1,574.3	30.2	1,208.6	24.5
Financial market business	1,252.9	24.0	1,185.4	24.1
Unallocated ⁽¹⁾	(156.5)	(3.0)	119.3	2.4
Total operating income	5,212.1	100.0	4,928.6	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 and leverage ratio

8.1 Capital adequacy ratio

The Group continued to optimize its business structure and strengthen its capital management. As of June 30, 2022, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 12.73%, 10.69% and 8.00%, respectively; capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio decreased by 0.48 percentage point, 0.39 percentage point and 0.28 percentage point respectively as compared to the end of the previous year, which met the regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) of the CBIRC during the transitional period.

The change in capital adequacy ratio was mainly due to an increase in risk-weighted assets arising from the expansion of scale of the Group's assets.

Management Discussion and Analysis

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

	As of June 30, 2022	As of December 31, 2021
(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 portion of capital reserve	8,371.9	8,308.7
Surplus reserve and general reserve	9,336.0	9,335.9
Retained earnings	8,081.0	7,634.1
Qualifying non-controlling interests	291.9	279.2
Deductions of core tier-one capital	(1,536.2)	(1,313.9)
Net core tier-one capital	26,952.0	26,651.4
Other tier-one capital	9,036.8	9,035.1
Net tier-one capital	35,988.8	35,686.5
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	3,000.0	3,000.0
Surplus provision for loan impairment	3,820.3	3,769.6
Qualifying non-controlling interests	77.8	74.4
Net tier-two capital	6,898.1	6,844.0
Net capital base	42,886.9	42,530.5
Total risk-weighted assets	336,782.0	322,057.4
Core tier-one capital adequacy ratio (%)	8.00	8.28
Tier-one capital adequacy ratio (%)	10.69	11.08
Capital adequacy ratio (%)	12.73	13.21

Management Discussion and Analysis

8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements in Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) promulgated by the CBIRC. As of June 30, 2022, the Group's leverage ratio, calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised), was 6.62%, which was higher than the regulatory requirement of the CBIRC.

Item	As of June 30, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net tier-one capital	35,988.8	35,686.5
Adjusted balance of on-balance and off-balance sheet assets	543,883.7	528,746.8
Leverage ratio	6.62%	6.75%

Management Discussion and Analysis

9. Business operations

9.1 Corporate financing business

Adhering to the gist of macro policies, the Bank proactively responded to the policies and took the initiative to serve the local areas and the entities as its responsibility, giving full play to the driving role of financial institutions, launching a number of practical measures, and fully supporting the development of the local real economy.

Strengthen accountability and ensure implementation, achieving initial results of serving the real economy. The Bank adhered to the original mission of “finance servicing the real economy”, strengthened accountability and ensured implementation, achieving initial results of serving the real economy. First, manufacturing loans grew significantly. The Bank visited enterprises to listen to their needs, sought an entry point for cooperation with “one policy for one account”, and took various measures to promote the high-quality development of the manufacturing industry. As of June 30, 2022, the Bank’s manufacturing loan balance was RMB25.723 billion, an increase of RMB4.306 billion or 20.11% over the end of the previous year. Second, the Bank completed the phased tasks in relation to the goals of two increases and two controls. It strengthened guidance of assessments, strengthened guidance of party building, increased the margin of preferential pricing for internal transfer, and increased credit issuance to small and micro enterprises through multiple channels. As of June 30, 2022, the balance of “two increases” loans was RMB39.549 billion, an increase of RMB6.564 billion or 19.90% over the end of the previous year, which was higher than the growth rate of all loans of the Bank. The number of accounts receiving “two increases” loans was 46,315, an increase of 1,014 accounts from the end of the previous year. Third, the Bank steadily promoted the development of industrial finance. It strengthened the linkage between the head office and branches, assisted branches in analyzing the primary industries in various regions, and promoted a high degree of integration of product services, business processes and industrial development, having formed a standard and efficient service solution for the copper industry, rare metal industry and power substation industry. At the same time, it has established a copper industry expert group to further strengthen industrial finance and build the Jiujiang Bank brand.

Adapt to the situation and take initiatives to advance the digital transformation of corporate banking in an orderly manner. First, the Bank standardized the management process. It strengthened the standardized management of marketing behaviors of account managers and customer relationship management, and comprehensively promoted the corporate intelligent marketing operation platform to improve the efficiency of corporate business. Second, the Bank completed sorting out the product system. It completed sorting out the product framework system and product list of Bank of Jiujiang, and formulated the core credit product manual to help improve the product application and response capabilities of account managers.



Management Discussion and Analysis

Respond to policies of combating the epidemic and supporting enterprises by deferring repayment of principal and interest as much as necessary. The Bank continued to implement the policy of deferring repayment of principal and interest for inclusive small and micro loans, ensured communication of policies, and deferred repayment as much as necessary for eligible customers. Firstly, the Bank continued to implement fee reductions and interest concession. The Bank continued to implement fee reduction and interest concession for small and micro enterprises, reducing or conceding RMB57 million of various fees such as online banking fees, acquiring fees, SMS fees, project financing consultant fees, and cash management platform fees for small and micro enterprises; conceded a total of RMB101 million of interests in issuing re-loans for eligible small businesses to enterprises. Secondly, the Bank issued re-loans for small businesses as much as necessary. The Bank efficiently responded to the central bank's policy on re-loans for small businesses by issuing preferential loans to small and micro enterprises (loan interest rate not higher than 5.5%), focusing on supporting small and micro enterprises. In the first half of 2022, the Bank issued a total of RMB17.049 billion of loans under the policy of re-loans for eligible small businesses to 26,025 accounts.

Trading and Financial Business

The Bank's trading and financial business line focuses on policy implementation, serving the real economy, cultivating customer base and obtaining technological support. We promoted the operation and management work in an orderly manner, effectively connected the "light assets" optimization and upgrading of business, and achieved solid results in the penetration of the industrial chain.

Centrally manage to ensure policy enforcement. The Bank closely followed the key tasks of RMB internationalization, trade and foreign exchange facilitation and exchange rate risk neutralization, coordinating the head office and branches to advance efficiently. As of June 30, 2022, the Bank's cross-border RMB settlement scale increased by 102.71% year-on-year. The Bank constantly promoted the reform of "decentralization, management and service" in foreign exchange business, actively participated in the pilot program of foreign exchange facilitation for trading of goods, and completed the pilot business filing as the first local legal person bank in Jiangxi Province.

Diversify businesses and coordinate efforts to serve the real economy. We consolidated the support capabilities of our trading and financial business for manufacturing, inclusive small and micro businesses, green finance and characteristic industrial chains, coordinately promoting diversified solutions. As of June 30, 2022, the balance of trading and financial business in manufacturing enterprises, small, medium and micro enterprises, and green finance fields achieved year-on-year growth of 143.99%, 43.42% and 269.27%, respectively, with remarkable results. We focused on the "Commercial and Trading Connect" products of the steel industry chain, and increased the scale of credit granting by 6 times year-on-year, enhancing the penetration capacity.

Solidify foundation by strengthening customer base cultivation. We practiced the "international + domestic + supply chain" customer development approach, precisely cultivated and systematically promoted. As of June 30, 2022, the customer base of international financing business, domestic financing business and the supply chain of the Bank achieved a year-on-year growth of 54.17%, 47.49% and 114.29%, respectively, with the structure of the customer base showing a coordinated development trend.

Management Discussion and Analysis

Position for efficient development by accelerating financial technology. We focused on key projects to enhance our financial technology capabilities, with precise positioning and comprehensive promotion. Firstly, we accelerated the interconnection of supervisory data and successfully completed the direct connection of the RCPMIS system of the People's Bank of China. Secondly, we accelerated the deployment of the customer service system, launched the second phase of foreign currency online banking project, and promoted self-service and intelligent cross-border settlement. Thirdly, we accelerated the deployment of the supply chain system and realized the online operation of the factoring business.

Bill Business

Fully empower to clarify business direction. The Bank focused on empowering the president of the branch's corporate business and the person in charge of bill business, and gave full coverage to its branches, to clarify the development direction of the bill business. We completed high-quality basic theoretical training and special training on electric bill application, supply chain finance and bill laws, and started systematic training in 2022 to comprehensively improve the ability of the bill business to serve customers.

Build models to launch new scenarios. The Bank pushed forward the implementation of application of the commercial bill business in more than 10 supply chain scenarios, including "bill+industry", brought in supply chain management company and enhanced the design of financial scenarios of supply chains, realizing pioneering innovation in the industry; launched the commercial bill business in the copper industry chain and the construction industry chain, taking advantage of the low cost of commercial bills to reduce supply chain financing costs.

Coordinate marketing endeavor to overcome difficulties with joint efforts. The head office exerted its professional ability, established a quick response mechanism, and responded to branches in the form of developing plans and building models, cooperated with institutions to conduct field marketing activities, and launched a bank-wide special marketing campaign of "Supply Chain Bill Trade Financing" to advance accounts receivable securitisation in the supply chain. In the first half of the year, the Bank handled commercial bill business of RMB1.687 billion.

Innovate products to take the lead in launching systems. The Bank rolled out a new bill credit enhancement product, and launched a new generation bill business system to support the differentiated issuance and circulation of bills, as well as the direct discount of supply chain bill business.

Offer flexible quotation to optimize marketing mechanism. To support green development, supply chain and SME customers, the Bank has formulated a market-friendly price management mechanism and a credit scale management and control mechanism, which gave full play to the liquidity advantages of bills to help branches solve marketing pain points through efficient direct transfer and linkage, securing 312 new discount customers.

Convey policies to serve the real economy. As of June 30, 2022, the Bank had re-discount balance of RMB3.527 billion. In the first half of the year, the Bank accumulatively handled a total of RMB5.274 billion in re-discount transactions and served 462 entity enterprises, effectively and efficiently conveying the bill re-discount policy to small and micro enterprises and private enterprises, and solving the problem of difficult and expensive financing for local small and medium-sized enterprises.

Management Discussion and Analysis

Investment Banking Business

In the first half of 2022, the Bank was granted the qualification of “Jiangxi Provincial Government Bond Project Jury Member” issued by the Jiangxi Provincial Department of Finance. It accelerated the strategic layout of the government bond business, built a line-specific post system, and continuously improved the professional empowerment of business lines through the implementation of quarterly joint meetings and monthly training meetings, consolidating the grassroots capabilities. As of June 30, 2022, the Bank has established formal cooperative relationships in Jiujiang municipality and some branch areas, and has signed special debt advisory service agreements with some counties, laying the foundation for the full expansion of the business.

The Bank became a special bank institution in Jiangxi Province to promote the optimization and upgrade of the government financing platform, and was selected by the Jiujiang Municipal Government as the only bank consulting institution for the optimization and upgrade of the financing platform in Jiujiang City. We actively supported the supply of products and services, took the lead in approving comprehensive financial service solutions, fully participated in the optimization and upgrade of financing platforms in cities and counties in Jiangxi Province, and researched and developed supporting products and services.

Adhering to the guidance of “Bank of Jiujiang’s High-quality and Sustainable Development and Transformation”, the Bank actively promoted the improvement of investment banking business quality, cost reduction and efficiency enhancement, and paid close attention to deposits and intermediary revenues. We expanded corporate bond issuance deposits in multiple dimensions through bond underwriting, bond investment, bond proceeds supervision, special bond advisory services and agency sales, and coordinated with branches and sub-branches to conduct marketing, securing corporate bond issuance deposits of RMB11.2 billion.

9.2 Retail banking business

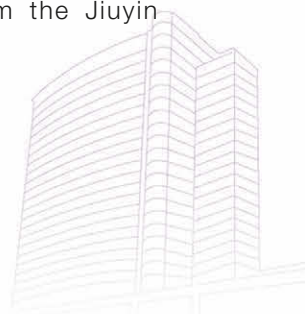
The retail credit business was online, paperless and digital. In order to better practice the inclusive finance and adhere to the initial intention of serving the real economy, the retail credit business of the Bank has been continuously optimized, and the Bank has continuously improved the financial service efficiency by technological empowerment. The Bank achieved online, paperless and digital operation for all varieties of retail loans with applying various ways including credit, mortgage and guarantee, covering the whole process management from entry, approval, contract printing, loan issuance to loan management and post-loan early warning. Through the method of big data + manual investigation, the Bank approved customers quickly and in batches, realized the unification of standardization and flexibility, and effectively solved the pain points of “short, frequent and urgent” capital demand of customers. The Bank has successively established cooperation with Jiangxi Province Financing Guarantee Group and other policy financing guarantee platforms, included customers into the category of policy financing guarantee, developed a variety of guarantee products, and realized the model of “instant guarantee for loan (見貸即保)”, bringing convenient and efficient experience to customers. The Bank continuously strengthened the marketing process management of the retail credit iron army, and comprehensively improved the business production capacity through retail credit empowerment training. As of June 30, 2022, the Bank’s total retail loans and advances amounted to RMB92.298 billion, representing an increase of 6.59% as compared with the end of the previous year, and ranking first among city commercial banks in Jiangxi Province in terms of total scale and growth rate.

Management Discussion and Analysis

The dual-track parallel operation of wealth management business has achieved initial results. The Bank has built a sound wealth management product system, enriched the wealth management, fund, insurance, trust and precious metal businesses, and created popular investment products to continuously meet the increasing customer demand. The Bank continued to promote the development of digital empowerment business, launched the Aike System 2.0, realized the digitalization of management and marketing, comprehensively improved the work efficiency of staff, and iteratively upgraded the user experience, precision marketing and process management. Based on different marketing scenarios, the Bank reshaped the customer relationship management and maintenance system with customer life journey as the core concept, formulated data models according to business rules, and formed effective business opportunities and pushed such business opportunities to the staff to achieve accurate marketing. As of June 30, 2022, the balance of the Bank's wealth management sales (including self-operated and agency sales) was RMB53.147 billion, representing an increase of 12.92% as compared with the end of the previous year, and making it the only city commercial bank in Jiangxi Province that achieved positive growth.

Deeply cultivate the customer group of individual industrial and commercial households to support the development of small and micro enterprises. The Bank actively responded to the call of the state to promote the construction of the multi-level and multi-category customer service system for individual industrial and commercial households by adhering to the principles of government guidance, market leading and consumer choice, by taking acceleration of the convenience, characteristics and digital development of merchants as the main line and by upgrading merchant gathering areas, empowering innovative services and optimizing the business environment as the main direction. The construction of scenarios satisfied the payment and settlement of merchants, convenient products helped merchants to finance, and exclusive configuration enhanced the wealth appreciation of merchants. On the path to deeply cultivate the customer group of individual industrial and commercial households, the Bank adhered to digital development, product experience optimization and comprehensive value enhancement, and linked with the inclusive finance and branches to realize all-round and in-depth service for the customer group of individual industrial and commercial households through technology-driven, talent-driven and digital-driven approaches.

Scenario empowerment drove the real economy. In order to coordinate the promotion of epidemic prevention and control and economic development and accelerate the recovery of the real economy, the Bank assisted Yingtan Municipal Government, Xingan County Government of Ji'an City, Yichun City Government, Xinfeng County Government of Ganzhou City, and Ruichang Municipal Government of Jiujiang City in issuing electronic consumer coupons through the "Jiuhui Platform" with the model of "government investment, platform support and enterprises assist". Nearly 1,000,000 consumer coupons were issued, with a total amount of more than RMB50 million, benefiting more than 1,000 brick-and-mortar merchants. The Bank built a brand-new "Jiuhui Mall", allocated customers' rights and interests of money off, further enhanced the activity of C-end customers and the value of B-end merchant customers to form the Jiuyin payment ecosystem.



Management Discussion and Analysis

Electronic Channel Business

The version 5.0 of mobile banking of the Bank has been newly upgraded around the theme of “Warm and Understanding”, providing 7*24 accompanying service with exclusive “AI + manned” customer service, upgrading the care version for age-appropriate finance and barrier-free transformation, and adding Village Revitalization Edition and a streamlined and fast minimalist version. We explored the refined operation of customer base, and created a special area for new customers, wealth management, agency payroll, and merchant customer bases to bring exclusive services, products and rights to different customers. We built a multi-dimensional scenario ecology to provide more abundant “financial + non-financial” service scenarios and introduced in local life projects and resources, thus providing more extensive, more efficient and warmer services.

Bank Card Business

As of June 30, 2022, the cumulative number of debit cards (“**Lushan Card**”) issued by the Bank was approximately 4,950,000, representing an increase of 280,000 or 6.00% as compared to the end of last year.

Credit Card Business

As of June 30, 2022, the asset size of the Bank’s credit card business amounted to RMB6.236 billion, representing an increase of 11.02% as compared to the end of last year; the cumulative number of cards issued by the Bank was 942,100, representing an increase of 13.30% as compared to the end of last year; the cumulative number of customers was 810,600, representing an increase of 14.56% as compared to the end of last year; a total of 549,600 cards were activated. The operating income recorded RMB245 million with non-performing ratio of 1.01%. The overall operating condition of the credit card business maintained steady growth.

Constantly promote digital transformation. In terms of operation, the Bank set up a credit card life cycle management strategy from customer acquisition period, new account period, maturity period to recession period, and built an automatic operation platform, and the digital operation of customers entered a new stage. In terms of risk control, the Bank upgraded the risk decision engine system, enriched the map variables of pre-lending anti-fraud relationship, controlled the unified quota in the Bank, and continuously improved the risk management level. In terms of customer experience, the Bank launched a number of online product certification documents, supported customers’ online independent application, built a hierarchical customer management system, and improved the front-end customer experience through digitalization.

Start the key points of big retail integration. The Bank refused customers for offline low-priced products, and continued to retrieve high-priced products in the same scenario in the credit card center. At present, both parties have completed the alignment of access policies for the same scenario business, and will sort out the process interconnection, transformation and optimization in the future.

Management Discussion and Analysis

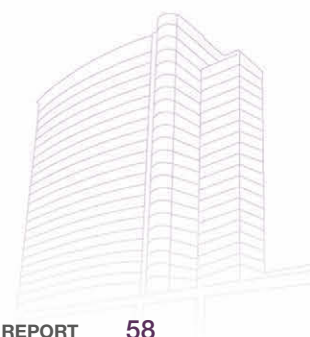
The anti-COVID-19 epidemic action is obligatory. The credit card business of the Bank continued to coordinate the prevention and control of COVID-19 epidemic and financial services, provided special post-loan service measures such as negotiated repayment and suspension of collection to credit card customers seriously affected by the COVID-19 epidemic, alleviated the repayment pressure of customers during the COVID-19 epidemic, and effectively solved customers' practical difficulties. At the same time, The Bank used the credit card WeChat official account and other online channels of the Bank of Jiujiang to popularize new fraud routines during the COVID-19 epidemic, and continued to provide customers with 7*24-hour account high-risk monitoring services to protect the security of customers' funds.

9.3 Financial market business

In the first half of 2022, the Bank's financial market business followed the macro guidance, implemented regulatory requirements, focused on serving the real economy, thus investment business developed steadily.

Continuously optimize the business structure. As of June 30, 2022, the proportion of the standardized business in the investment business of the Bank increased from 74.3% as at the end of the previous year to 76.6%, representing an increase of 2.3 percentage points, of which the proportion of the bond business increased from 66.6% as at the end of the previous year to 68.9%, representing an increase of 2.3 percentage points; the non-standard business decreased orderly, and the proportion of the non-standard business decreased from 24.1% at the beginning of the year to 21.6%, representing a decrease of 2.5 percentage points.

Increase the efforts on local service. In the first half of 2022, the Bank increased the efforts on investment in government bonds in the place which its branches and sub-branches located. The balance of local government bonds in Jiangxi Province, Anhui Province and Guangdong Province increased by 10.94% as compared with the end of last year.



Management Discussion and Analysis

Continuously enhance empowerment of science and technology. The Bank developed the layout around building a digital, scientific and intelligent transaction-based bank, accelerate the construction of a quantitative trading system and an intelligent decision-making system for investment. The Bank used the science and technology to help operations, built a Jiushu APP investment display board, launched the construction of the RPA automatic settlement project, promoted the operation efficiency.

Reap abundant harvest in qualifications and honors. In the first half of 2022, the Bank won three “Annual Market Influence Awards” including the Core Dealer, Money Market Dealer and Bond Market Dealer, and the “X-Repo Market Innovation Award” and “X-Lending Market Innovation Award” in interbank local currency markets for 2021, the most awarded banking legal institution in Jiangxi Province; the Bank was also awarded the honorary titles of the “Top 100 Proprietary Dealer” by China Central Depository & Clearing Co., Ltd., the “Excellent Award for Net Bond Sole Settlement” by Shanghai Clearing House. The Bank was awarded the “Excellent Underwriting Institution” and the “Best City Commercial Bank” by Agricultural Development Bank of China, the only legal entity in Jiangxi Province to be granted the two awards. The Bank also won the titles of “Core Underwriter” and “Market Innovation Driving Award” granted by the Export-import Bank of China; the Bank won the honor the of “Third Prize of Outstanding Contribution to High-quality Development in Honggutan District in 2021”.

Wealth Management Business

The financial management structure was adjusted orderly. The Bank strictly abided by the regulatory guidance, continuously deepened the service philosophy and proactively adjusted the product structure. As of June 30, 2022, the remaining balance of wealth management products was RMB42.051 billion, representing a decrease of 1.33% as compared with the end of last year. The Bank guided customers to invest for a long time, and the average remaining term of products increased by 7.66% compared with the end of last year, and the product structure was continuously optimized.

The investment strategy was gradually optimized. The Bank adhered to the tenet of “creating maximum value for customers”, strengthened the product layout of equity lines and broadened investment channels. The Bank firmly implemented the strategy of “fixed income+”, promoted the construction of professional investment strategy research team, continuously improved the asset allocation ability, and improved the profitability of the wealth management business while satisfying customers’ one-stop diversified investment needs.

Management Discussion and Analysis

The wealth management capability was reaffirmed. In June 2022, the Bank won the 2022 Golden Honor Award- “Excellent Wealth Service Capability Bank”, and Jiuying Wealth Management-Xinxiang Mixed One-Year Dingkai No. 6 won the 2022 Golden Honor Award- “Excellent Mixed Bank Wealth Management Product”. The brand influence was further enhanced.

9.4 Specialty business

Inclusive Financial Business

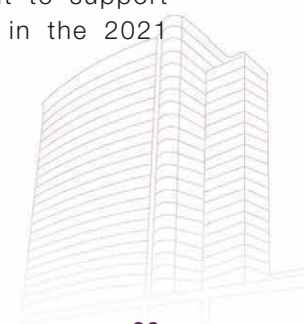
As of June 30, 2022, the balance of the Bank’s agricultural loans (according to the People’s Bank of China) was RMB59,218 million, representing an increase of RMB6,533 million or 12.4% as compared to the end of last year; the loans of legal entities in the field of rural revitalization were RMB50,182 million, representing an increase of RMB5,574 million or 12.5% as compared to the end of last year. The balance of inclusive agricultural loans was RMB10,260 million, representing an increase of RMB2,992 million or 41.17% as compared to the end of last year; 88 projects were carried out for one county and one product, serving over 10,800 customers with a loan balance of RMB6,667 million, covering planting, farming, agricultural and sideline production and processing, trade services, agricultural machinery and equipment, etc.

Achieve the target of “two increase” as required. As of June 30, 2022, the balance of the “two increase” loan of the Bank amounted to RMB39,549 million, representing an increase of RMB6,564 million or 19.9%, with the growth rate higher than other loans of the Bank. There are 46,315 customers of the “two increase”, up by 1,014 from the end of last year.

Improve the quantity and quality of inclusive products. In order to support the development of rural industries and farmers’ entrepreneurship, the Bank launched the “Easy Farming Loan – Rural Achiever Loan (易農貸—鄉村能人貸) series products in 2021, mainly targeting planters, farmers, agricultural products processing traders, township mom-and-pop stores and other customer groups. With application, file submission, approval, signature, and lending all conducted online, as of June 30, 2022, the balance of loans amounted to RMB1,383 million, serving 7,833 customers.

Promote the construction of service stations in an orderly manner. As of June 30, 2022, the Bank had built 636 inclusive financial service stations in Jiangxi Province. In the first half of 2022, the Bank carried out 68 special promotional activities at the service stations, laying a solid foundation for further developing the customer base in rural areas.

Demonstrate the markable social influence. The Bank conscientiously implemented the major decision-making arrangements and work requirements of the Party Central Committee, the provincial Party committee, the municipal Party committee and the regulatory authorities at all levels on the rural revitalization strategy, focused on the key areas of rural revitalization, continuously increased financial support, and continuously increased the amount to support the overall efficiency of rural revitalization. The Bank was rated as “excellent” in the 2021 assessment results of Jiangxi financial institutions serving rural revitalization.



Management Discussion and Analysis

Green Financial Business

Continue to increase the release of green credit. As of June 30, 2022, the Bank's green loans grew steadily, according to the People's Bank of China, the balance of green loans of the Bank was RMB21,758 million, representing an increase of RMB4,147 million or 23.55% as compared to the end of last year, effectively supporting the green transformation of the economy.

Continue to expand the brand influence of green finance. In the first half of 2022, the Bank became the first city commercial bank in China to join the Partnership for Carbon Accounting Financials (PCAF). As the only corporate bank in Jiangxi Province, the Bank signed the Memorandum of Cooperation on Financial Services of "Reducing Pollution and Carbon" with the Department of Ecology and Environment of Jiangxi Province. The Bank, together with the Financial Supervision Bureau of Jiangxi Province, the Nanchang Central Sub-branch of the People's Bank of China, the Development and Reform Commission of Jiangxi Province and the Department of Ecology and Environment of Jiangxi Province, successfully held the all-media survey and interview activity on "Green Finance Helps Double Carbon Work".

Continue to carry out international cooperation in green finance. On February 25, 2022, the signing ceremony of the transformation financial project between the Bank and the International Finance Corporation (IFC) of the World Bank Group was successfully held. The Bank will anchor the "double-carbon" goal, explore the establishment of a climate risk management framework, increase scientific and technological empowerment, innovate the financial product system, and continuously improve the quality and efficiency of financial services, so as to meet the diversified financing needs of enterprises, reduce the financing costs of green enterprises, support the smooth and orderly transformation of the real economy, facilitate the low-carbon transformation and development of the economy and society, and build a "Jiangxi Model" for beautiful China.

Continue to promote the innovation of green financial products. In March, 2022, the Chongyi Sub-branch of Ganzhou Branch of the Bank successfully implemented the first mortgage loan of wetland management right in Jiangxi Province. This use of wetland management right as supplementary collateral to grant loans to the enterprise not only helps to revitalize wetland resources such as tidal flats in waters, promote the market-oriented operation of local wetland ecological management, improve the wetland management ability and level, but also provides new ideas and new models for realizing the value of ecological products.

Automobile Finance Business

Serve shareholders and deepen the industry and finance synergy of the BAIC Group. Firstly, the Bank optimized shareholder services, deepened strategic cooperation, and tailored financial service plans for shareholders. Secondly, the Bank became fully familiar with Fountain Industrial Chain, successfully marketed the opening of Fountain Group's main account, promoted the direct connection between the bank and the enterprise, developed the upstream factoring business, and promoted the business cooperation in the whole industrial chain. Thirdly, the Bank strengthened the cooperation with the production and investment business of BAIC, and strengthened the linkage of investment and loan in three provinces by focusing on the production and investment customers of BAIC.

Management Discussion and Analysis

Accelerate the layout of new energy industry based on Jiangxi Province. Firstly, the Bank further expands the automobile industry in Jiangxi Province, strengthened the marketing efforts of large distributors in Jiangxi Province, and realized the breakthrough of automobile industry chain resources in Jiangxi Province. Secondly, focusing on the direction of key industries in Jiangxi Province, the Bank promoted the cooperation with Geely New Energy, QingTao Technology, Sunwoda and other advantageous brands according to the layout of lithium battery industry and new energy automobile industry in Jiangxi Province.

Improve services and accelerate digital transformation. Firstly, the Bank accelerated the construction of auto financial service platform and strengthened the digital management of inventory financing business of dealers. Secondly, the Bank promoted the standardization of automobile industry chain business, and cooperated with the credit approval department to complete the Shang Dai Tong (商貸通)-Bank Note Business Standardization Review to improve business efficiency. Thirdly, the Bank actively expanded customers and core enterprises SAIC Hongyan, Anhui Jianghuai and Chery New Energy, and completed a net increase of 86 dealers in the first half of 2022, with a bank note amount of RMB3.118 billion.

Strengthen “digital” empowerment and improve business efficiency. Firstly, the Bank built an integrated service platform, and the industry and finance platform has been launched. Secondly, on the mobile side, the Bank will promote the improvement of the application of “Jiu Rong Hui (九融匯)” and the development of the mobile side of the Qi Rong Platform. Thirdly, the Bank accelerated the digitalization process of the Auto Finance Division, selected manufacturers such as BAIC Foton and Jiangxi Geely manufacturers as pilot projects, and planned to realize the functions such as dealer diversion, capital and vehicle information sharing and online financial services.

Consolidate the risk management and timely implement the assistance policy for car companies. Firstly, the Bank provides convenient services, and implemented remote account opening and face-to-face signing during the COVID-19 epidemic. Secondly, the Bank provided timely assistance and coordinated with the whole vehicle factory to adjust and buy back the vehicles of the closed shops during the COVID-19 epidemic. Thirdly, the Bank paid close attention to the production and living conditions of car companies and macro policies, gained insight into the changes of credit customers’ data, and properly implemented risk prevention. In the first half of 2022, the Bank withdrew from a total of 4 key monitored dealers.

9.5 Subsidiaries business

9.5.1 Businesses of controlling subsidiaries

As of June 30, 2022, the Bank 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 RMB16,748 million, representing a decrease of 0.10% as compared to the end of last year. The total loans amounted to RMB8,818 million whereas the balance of deposits RMB14,006 million, representing a decrease of 0.91% as compared to the end of last year; in the first half of 2022, 18 controlling county banks realized net profit of RMB22 million.

Management Discussion and Analysis

9.5.2 Companies in which the Bank has shareholdings

As of June 30, 2022, 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 RMB4,803 million. The total loans amounted to RMB3,883 million whereas the total deposits amounted to RMB3,772 million; in the first half of 2022, the net profit of the 2 county banks in which the Bank has shareholdings was RMB22 million.

10. Development strategy

In 2022, the Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conscientiously implemented the spirit of the 19th CPC National Congress and the Plenary Sessions of the 19th Central Committee of the Communist Party of China, upheld “Four Consciousnesses”, strengthened “Four Self-confidence”, stayed on top of “Two Establishments” and fulfilled “Two Safeguard”. The Bank also adhered to the general principle of pursuing progress while ensuring stability, implemented the new development philosophy in full, in the right way, and in all fields of endeavor, build a new development pattern, and insisted on the work theme of “centering on customers, focusing on integrated operation, comprehensively accelerating process digitization, strengthening the capacity of risk management and control, enhancing the implementation of compliance requirements, and creating a new chapter of high-quality sustainable development of Bank of Jiujiang”.

Insist on the leadership of high-quality Party building and constantly energize the development. The Bank adhered to the guideline of the Party controlling general and fundamental matters, integrating the Party’s leadership into the whole process of operation and management. The Bank conscientiously abode by the specific requirements of the “Two Establishments” and converted them into conscious actions. Focusing on welcoming and serving the 20th National Congress of the Party and learning and implementing the spirit of the 20th National Congress of the Party, the Bank continuously consolidated the foundation of Party building and deeply implemented the general requirements of party building in the new era. Centering on the national macro-control objectives and the Bank’s strategic development direction, we promoted the two-way integration of Party building and central work, guiding the Bank’s high-quality sustainable development with high-quality Party building.

Rely on high-quality and efficient services and continuously strengthen the pace of transformation. Focusing on the policy of “adjusting structure, saving capital, controlling non-performance, and stabilizing growth”, the Bank adhered to the mission of serving local economy, entities, inclusive finance, rural revitalization, and residents, the focus on development priority and credit resources on key areas and key aspects of local economic construction, social development and people’s livelihood improvement, and further increase credit extension to sectors such as the manufacturing industry, small and medium-sized enterprises, private enterprises, inclusive finance and green development.

Management Discussion and Analysis

Continuously consolidate the foundation for development with a goal of comprehensive risk management. The Bank adhered to the corporate culture of prioritizing internal control and compliance, enhanced risk management, fulfilled the credit granting culture of “due diligence, fast and flexibility, services and openness”, further promoted comprehensive risk management, continuously improved the risk management level, and balanced the risk and management.

Driven by “Digital Jiuyin”, accelerate digital transformation and upgrade. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will fully implement the requirements of Central Government Proposal on the 14th Five-Year Plan and 2035 Long-term Objectives for National Economic and Social Development, anchor itself in the new development stage, implement the new development concept, serve the construction of the new development pattern, promote high-quality sustainable development through digital transformation, so as to build a new pattern of digital finance that adapts to modern economic development.

11 Risk management

11.1 Risk management structure

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

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

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

Management Discussion and Analysis

11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. In 2022, the Bank continued to promote the construction of “Asset Quality Project”, “Basic Management Project” and “Credit Digital Project”, insisted on the implement regarding comprehensive risk management, asset quality management and risk control digital transformation etc., and consolidated the achievements in the middle of the year. The Bank’s overall asset quality was stable, meeting the management expectation of the regulatory authority. The Bank has issued the statement of risk appetite, quota management plan and key points of strategy implementation for 2022, and improved the tools for strategic decision making; took measures to protect the asset quality, continued to push forward the disposal of risk assets, so as to guarantee the steady development of the Bank’s credit business; realized the automated control over the customer quota and other systems, optimized the technological system such as integration of post-loan operation processes, strengthened the implementation of process and systems via information system, thereby enhancing the digital capability.

The credit risks of the Bank mainly arise from loans and advances to customers, investment securities, inter-bank business, commitments and other on-balance and off-balance sheet credit risk exposures.

The credit risk management organization system of the Bank is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and Credit Risk-taking Department, etc., thus forming a credit risk management structure characterized by centralized and unified management and hierarchical authorization and implementation. The Board is the Bank’s highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, making recommendations to the Board and reviewing major credit risk management matters as authorized by the Board.

Senior management is the Bank’s highest decision-making panel for daily credit risk management, which is responsible for fully organizing the implementation of credit risk management strategies and risk appetite approved by the Board, putting into practice credit risk management policies, procedures and measures, and undertaking the credit risk arising from business operation. Risk Management Department is the Bank’s leading department for credit risk management, which is responsible for formulating and organizing the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. Credit Extension Department is responsible for implementing risk management of credit extension. The competent department of each line is responsible for their respective credit extension business, as well as inspection and supervision over the implementation and execution of the Bank’s credit risk-related system. Audit Department is responsible for the independent review and evaluation of the Bank’s credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.

Management Discussion and Analysis

1. Lay stress on asset quality improvement to optimize the asset quality. The Bank continued to implement “asset quality is the lifeline”. By formulating and improving working systems, optimising management mechanisms and refining management measures, the Bank has improved the effectiveness of risk control and achieved the goal of optimising asset quality. During the reporting period, the Bank revised three investment systems, including the “Management Measures for Market Risk of Bank of Jiujiang” and “Proposal for Loss Prevention and Responsibility Determination of Trading Assets of Bank of Jiujiang” to consolidate the control of risks involved in capital business; advanced the adjustment of the “significant risk” structure, established the risk director management system, and expanded the coverage of comprehensive risk management in branches; deepened and refined the asset quality project structure.
2. Lay stress on the improvement of basic management to strengthen credit management. The Bank constantly improved the comprehensive risk control system, conducted the top-level design of risk management, clarified the statement of risk appetite, and strengthened the conversion of risk appetite to risk strategies and risk limits, and further to the business management. In addition, the Bank strengthened the normalized risk investigation and inspection mechanism, carried out special risk investigation in key areas and investigation of risks in investment business on a regular basis as well as credit risk investigation, and set up the unannounced inspection mechanism. The Bank continued to reinforce the control over asset quality, and strengthened the disposal of the Group’s key risks and pressure reduction via the asset quality scheduling mechanism.
3. Lay emphasis on enhancement of digital risk control capacities and accelerate the implementation of the risk management system compatible with “Digital Jiuyin (數字九銀)”. Firstly, the Bank optimized various risk management systems with the support of technologies such as big data and artificial intelligence, and embedded digital risk control tools into business processes to improve the intelligentized level of risk monitoring and early warning. The Bank explored ways to establish a bank-wide real-time centralized automatic monitoring system to sort out and integrate indicators reflecting the Bank’s risk profile, and built a display board to demonstrate dimensional data and trend data, which covers business personnel, business development, key products, asset portfolio, asset quality, key industries, key regions, troubled assets and process efficiency. Secondly, the Bank continued to integrate business systems and risk control systems to achieve system interconnection and intercommunication, fully optimized the operating experience and user experience for first-tier users, kept the smooth operation of business processes with the help of systems and improved the risk control in an all-round manner.



Management Discussion and Analysis

11.3 Market risk management

The main market risks borne by the Bank include interest rate risk and exchange rate risk, of which interest rate risk has the greatest impact on the Bank, including trading accounts and bank accounts. The Bank measured the amount of potential losses that may be caused by trading assets under mild, moderate and severe scenarios by setting stress test assumptions and models, and monitored the changes of fair value on a regular basis. Meanwhile, the Bank measure VAR, duration, modified duration and other related market risk indicators with professional measure tools and means to evaluate the exposure to market risk of the Bank.

11.3.1 Interest rate risk – trading book

The trading book includes financial instruments and positions that are held for trading purposes or to hedge the risk of other items on the trading book and are freely tradable. Trading assets of the Bank mainly include fund investments and investment in trading debt securities.

Based on the nature, size and actual situation of the trading book, the Bank established a trading book market risk management system to regularly analysed the risk profile of the trading book and analysed interest rate trends to provide the necessary basis for trading book purchases and sales. At the same time, the Bank increased its investment in technology, provided scientific and technical personnel for the capital operation center, continuously optimized the front, middle and back office systems for its business, strengthened the limit management and monitoring of market risk, optimized the market risk stress test, and increased market risk scenario analysis.

11.3.2 Interest rate risk – banking book

The banking book refers to asset and liability operations and related financial instruments recorded on and off the Bank's balance sheet, with relatively stable market values, which the Bank conducts and is willing to hold in order to obtain stable returns or to hedge the risk of banking book operations.

The Bank mainly used repricing gap analysis, interest rate sensitivity analysis and stress testing for interest rate risk measurement of the banking book, and organized asset and liability meetings on a regular basis to report the level of interest rate risk to management and to propose management recommendations and business adjustment strategies.

The Bank continuously monitored changes in the external interest rate environment, forecasted future interest rate trends, and managed interest rate risk by adjusting its asset and liability structure to achieve a balance of risk and return. On the one hand, the Bank adjusts 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. On the other hand, the Bank reduced the overall sensitivity gap between assets and liabilities to adjust the asset allocation structure timely in the current market environment of uncertainty and lower the market risk of bank accounts.

Management Discussion and Analysis

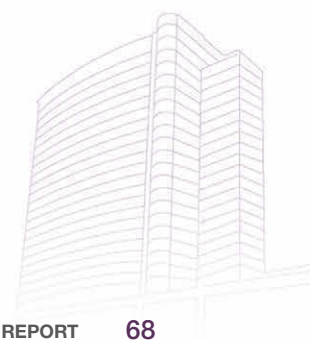
11.3.3 Exchange rate risk analysis

Exchange rate risk refers to the risk of loss of the overall income of the Bank due to adverse changes in exchange rates for assets and liabilities, and equity projects, foreign exchange and foreign exchange derivative positions in the form of foreign currencies.

The Bank's main principle in controlling exchange rate risk is to optimize the foreign currency asset and liability structure and strictly control foreign exchange business exposure. On the one hand, the Bank minimized the possible mismatch between assets and liabilities in terms of currency and maturity by calculating the gap of cash flows on a regular basis and reasonably arranging the source and application of foreign currency funds; on the other hand, the Bank adhered to measuring, analysing and monitoring exchange rate risks on a regular basis, and reduced the level of exposure to exchange rate risk through the implementation of indicators such as comprehensive position limits and overnight exposure limits. In addition, the Bank strengthened the control of post-loan exchange rate risks in credit business, adopted the strategy of conversion with higher interest rates for margin in the wrong currency, and regularly reassessed the conversion rate. Moreover, the Bank took early repayment or replenishment of collaterals in case of insufficient value of collaterals to mitigate the loss caused by exchange rate risk.

11.4 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 Legal and Compliance Department leads our Bank's operational risk management, with the Risk Management Department, Operation Management Department and other departments supporting it in collaboration.



Management Discussion and Analysis

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

1. Optimize operational risk management system. The Bank issued the “Resolution of the Party Committee of Bank of Jiujiang on Strengthening Operational Risk Management” and the “Implementation Opinions of the Party Committee of Bank of Jiujiang on Strengthening Operational Risk Management” to guide the whole bank to further reinforce operational risk management, established and improved the operational risk management system compatible with the nature, scale, complexity and risk characteristics of its business, thereby realizing the goal of “a relatively complete operational risk management system, standardized and orderly operation of various businesses, and significant improvement in operational risk prevention capability”.
2. Promote the three operational risk tools. Based on the internal control compliance and operational risk management system, the Bank promoted the application of three major tools: risk and control self-assessment, key risk indicators and loss event management. First, the Bank scientifically monitored key risk indicators. It is required to organize the key indicators of operational risk within the Bank, clarify the responsible department, divide the Bank’s indicators into 10 enterprise-level risk indicators and 52 line-level risk indicators involving 9 business lines, and carry out feedback monitor on a quarterly basis. Second, the Bank strengthened the collection of loss data. The Bank formulated the “Management Measures for the Collection of Operational Risk Events and Loss Data” to further clarify the types of operational risk events, the shape of loss data, and the workflow for the collection of operational risk events and loss data. Third, the Bank carried out risk control and self-appraisal. The Bank gradually formulated self-appraisal plans and schemes through the three-in-one system and carried out appraisal in an orderly manner.
3. Carry out comprehensive outsourcing risk assessment. The Bank organized an annual outsourcing risk assessment across the Bank and formed a bank-wide risk management report from three aspects: outsourcing risk management implementation, bank-wide outsourcing project implementation, and outsourcing risk assessment. The audit department carried out independent audit on non-IT outsourcing projects under outsourcing management, and put forward problems regarding process and systems, with the responsibility of independent audit of outsourcing risks fulfilled in an effective manner.

11.5 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

The organizational structure for liquidity risk management of the Bank consists of a decision-making system, an executive system and a supervision system. The decision-making system includes the Board of Directors and the Risk Management Committee under the Board of Directors; the executive system includes senior management and its Asset and Liability Management Committee, Risk Classification Committee and other relevant business management departments; the supervision system includes the Board of Supervisors and the Audit Department. The Board of Directors is our Bank's highest decision-making body regarding liquidity risk management and takes the ultimate responsibility for liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The senior management is fully responsible for organization and implementation of the Bank's liquidity risk management. The risk management department of the Head Office leads the liquidity risk management of the Bank, which is responsible for integrating liquidity risk into the comprehensive risk management system, preparing comprehensive risk management reports to the senior management and Risk Management Committee on a regular basis. The planning and finance department of the Head Office is the executive department of the Bank's liquidity risk management, and is primarily responsible for management of the daily fund position, while the financial market management department and other departments (lines) in the Head Office are the executive departments of the Bank's liquidity risk management, and are responsible for coordinating the implementation of liquidity risk management. The Audit Department performs independent 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, the Bank optimized the day-to-day liquidity control process and improved the efficiency and the refinement of liquidity management with the support of the position management system. Secondly, the Bank strengthened the daily coordination of and prospective forecast of liquidity risk, set up a system of liquidity risk limits, increased the monitoring of regulatory indicators and liquidity gap prediction and limit control in special periods, and ensured that the value of each indicator is higher than the regulatory requirements. Thirdly, the Bank intensified the construction of liquidity early warning mechanism, effectively implemented liquidity emergency drills, conducted liquidity stress test and assessment on a quarterly basis, and increased the number of special stress tests and pressure tests according to the actual situation. The results show that the Bank's minimum survival period under stress is more than 30 days, and its stress bearing capacity remains at a good level. Fourthly, the Bank monitored the maturity of assets and liabilities to continuously optimize the maturity structure of assets and liabilities. Fifthly, the Bank controlled the total amount and structure of assets and liabilities through the asset and liability management system, so as to enhance the ability of active management of liquidity risk and foster the organic alignment of risk management and control, profitability and resource allocation.



Management Discussion and Analysis

As of June 30, 2022, liquidity ratio, the net stable capital ratio and liquidity coverage ratio of the Bank were 54.89%, 123.52% and 186.96%, respectively. Among them, the balance of high-quality liquid assets was RMB54,306 million and the net cash outflow in the next 30 days were RMB28,603 million.

Item	Amount	
	As of June 30, 2022	As of December 31, 2021
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Net stable capital ratio	123.52%	129.44%
Available stable capital	290,214.37	323,462.24
Required stable capital	234,954.33	249,893.04

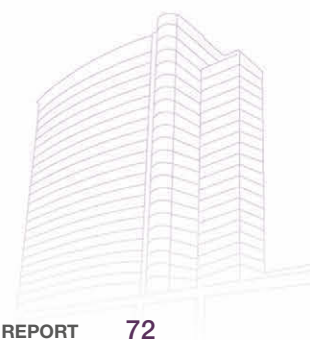
11.6 Compliance risk management

The Bank has established a three-level compliance management departments (positions) from top to bottom, formed a compliance risk management structure of “foreground, middle-ground and background that covers both dimensions”, and created a compliance system highly consistent with the Bank’s development strategy, market positioning, operating environment, corporate culture and management philosophy.

Management Discussion and Analysis

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

1. Promoting the development of compliance system at a high level. The first is to strengthen the leading role of Party building. The Bank took political construction as the prerequisite foundation to further improve the level of internal control and compliance management, focusing on the important role of the Party Committee in setting the direction, managing the overall situation and ensuring implementation, continuously strengthening the leadership of Party building, continuously increasing the leadership of the Party Committee in promoting internal control and compliance management, and promoting compliance with Party building. Second is to establish the Compliance Management Committee. The Bank established separate compliance management committees under the Board of Directors and the senior management to further strengthen the top-level design and improve the organizational structure. The Bank also strengthened the integrated planning and comprehensive leadership of internal control and compliance management at the highest decision-making level. Third is to strengthen the development of the compliance team. The formal establishment of the position of compliance director has clarified the management core of the construction of the Bank's compliance system, mechanism and culture, further enhancing the independence and professionalism of compliance work. The Bank set up compliance departments in all branches, assigned compliance specialists to the four key business lines of corporate finance, retail, credit extension, and operation management, and provided compliance managers in all departments of the head office and branches directly under the head office. The Bank established a qualification certification mechanism for the compliance line, clarified the criteria for appointment and regularly assessed and selected, and strove to build a professional and efficient compliance team with excellent quality and conduct. The fourth is to build up grid management of case prevention. The Bank formulated the Measures for Grid Management of Case Prevention of Bank of Jiujiang, established a grid management system for case prevention, determined the responsible personnel and responsibilities for grid management of case prevention, and clarified the management structure of compliance manager, staffing, performance program, rights and obligations of case prevention, so as to significantly enhance the ability of case prevention management.



Management Discussion and Analysis

2. Joint efforts to improve the efficiency of compliance management. Firstly, the Bank launched the “three evaluations” project. By implementing the system evaluation project, the Bank sorted out all the latest systems across the bank, set up the system release mechanism, completed the construction of internal and external rule library, finished the evaluation of internal rules by referring to external rules, summarized key points of compliance, and formulated evaluation and optimization opinions. By implementing process key points of compliance, the Bank refined compliance points to each process and system, strengthened process supervision and realized rigidity control, or gave indication for early warning, and transformed the output into pre-compliance to ensure business development. By implementing product evaluation project, the Bank built the bank-wide product structure, promulgated the bank-wide product management measures, sorted out the effective products and product codes of the whole bank, publicized the list of effective products and removed the list of invalid products, thus realizing the product life-cycle management and mechanism improvement of the whole bank. Secondly, the Bank implemented the “three transformations and three enhancements” program. Firmly adhering to the market positioning of relying on local resources, returning to the origin and “three services”, the Bank had a deep understanding of the work arrangement of CBIRC Jiujiang Branch Office and hence put it into practice, strengthened the ideological basis, business direction and management performance of prudent operation and development through “three transformations”, namely transformation of concept, mode and mechanism. Based on the concept of “three enhancements”, namely, strengthening strategies, implementation and support, the Bank reinforced the spiritual belief, endogenous impetus and organic safeguards of sustainable and high-quality development to achieve steady progress in operation and development, and steadily promoted the digital strategies with the comprehensive risk management level steadily improved. Thirdly, the Bank established the long-term mechanism for implementing regulatory opinions. The Party Committee of the Head Office made unified arrangements and set up a leading group for implementing regulatory opinions, consolidated the responsibilities of leadership, and promoted the implementation of regulatory requirements with high attention. The Bank established the four-step process management mechanisms: decomposition and transmission, process supervision, result acceptance, evaluation and treatment, and set up a special cross-departmental team for tackling difficulties. In addition, the Bank consolidated the institutional foundation, removed obstacles in the mechanism, stimulated internal impetus for the implementation of regulatory policies and guidelines, so as to guarantee the organic unification between the efficient implementation of regulatory requirements and the Bank’s high-quality and sustainable development.

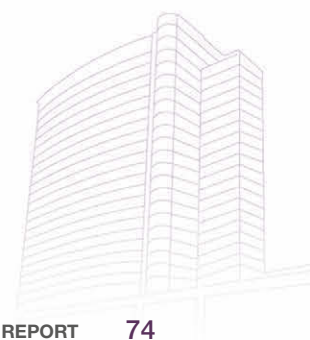
Management Discussion and Analysis

3. Building a culture of compliance gradually. First is to develop a compliance culture. The Bank organized monthly study and examination on policies and laws and regulations for middle and senior management, and monthly session for leaders of the Bank, compliance examination for all staff of the Bank on a quarterly basis and other activities to promote corporate key values of “Compliance is everyone’s responsibility” and “Practice of compliance creates values” to develop an overall compliance culture of “Doing business with compliance”. Second is to conduct strict internal accountability. The Director of Compliance also serves as the vice chairperson of Accountability Committee of Head Office to tighten compliance guidance and supervision, giving full play to the warning and deterrence effect against violations. Third is to enhance reporting on integrity violation. The Bank listed and announced major “integrity violation” activities, operated seasonal reporting mechanism, assigned staff members to specifically handle reports on integrity violation. Meanwhile, the Bank established various reporting channels such as drop-in boxes, reporting hotline and OA online QR code reporting etc. Fourth is to compile compliance cases. With reference to daily compliance issues and external regulatory cases, the Bank kept updating and posting compliance cases on “Compliance Online” column to enhance the warning education of case prevention within the entire Bank and to educate all employees of the Bank to “Stay alert to compliance cases, bear in mind the compliance rules”.

11.7 Money laundering risk management

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

Effective money laundering risk management is the foundation for the safe and sound operation of banks. The Bank established a sound money laundering risk management system by firmly establishing compliance and risk awareness in accordance with the requirements of diligence and due diligence. In accordance with the risk-based approach and reasonable allocation of resources, the Bank continuously identified, prudently assessed, effectively controlled and managed the Bank’s money laundering risks throughout the entire process to effectively prevent money laundering risks.



Management Discussion and Analysis

During the reporting period, the Bank managed money laundering risk mainly through following measures. Firstly, the Bank optimized the system construction and further enhanced the enforceability of the anti-money laundering system. The Bank paid attention to system review and promoted major business lines to integrate money laundering risk management requirements into specific product operating rules, so as to comprehensively enhance anti-money laundering management capabilities and governance. Secondly, the Bank strengthened its mechanism to further enhance the level of money laundering risk management. On the one hand, the Bank initially realized that anti-money laundering work was conducted centrally and by experts to reduce the workload of grassroots institutions and improve the quality and efficiency of anti-money laundering work. On the other hand, the Bank continued to optimize the assessment program. According to the actual situation and key work of anti-money laundering work, the Bank set multi-dimensional assessment indicators to build a scientific, reasonable, comprehensive and effective assessment system. Thirdly, the Bank strengthened independent monitoring and further optimized the money laundering risk assessment system. The Bank established a multi-dimensional assessment system for institutions, products and customers to continuously improve the scientific and effective risk assessment. Meanwhile, the Bank regularly evaluated and adjusted the monitoring model to enhance the accuracy of suspicious monitoring, and improved and optimized the anti-money laundering monitoring and analysis system. Fourthly, the Bank deepened its risk warning and further refined its money laundering risk screening. The Bank organized risk screening on an irregular basis and took into account the risk potential identified in its daily work and the risk information officially released, so as to promptly alert risks and curb the occurrence of money laundering risks. Fifthly, the Bank explored science and technology empowerment to further improve the quality and efficiency of work. Based on the PBOC's principle of on-site inspection and rectification of problems, the Bank rebuilt the intelligent anti-money laundering monitoring and management system, which incorporates new technologies such as machine learning and AI intelligence, and established an intelligent monitoring system to improve the effectiveness of suspicious monitoring. In addition, the Bank integrated such management functions as internal control management, performance appraisal and data validation while satisfying the requirements of regulatory reporting to realize automation and online utilization, thereby improving management quality and efficiency. Sixthly, the Bank innovated the form of publicity to further fully fulfill its social responsibility. On the one hand, the Bank gave full play to the strength of its branches and continues to do a good job of anti-money laundering publicity by distributing promotional folders, placing display boards and showing promotional videos. On the other hand, the Bank innovated the form of publicity and popularized anti-money laundering knowledge to the public through online WeChat public platform and other channels to practice social responsibility. Seventhly, the Bank focused on personnel training and strengthened the recruitment of anti-money laundering talents. The Bank made full use of "Jiuyin Yixue (九銀易學)", the online training platform, to effectively enhance the professional level of anti-money laundering work of the Bank. The Bank's training courses were provided to middle and senior management, new employees, business line personnel and anti-money laundering personnel, etc. to continuously improve the anti-money laundering performance capacity and professional skills of all staff.

Management Discussion and Analysis

11.8 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. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The pre-event, during-event and post-event risk prevention systems have been effectively ameliorated.

1. Promote qualification certification and improve operation and maintenance capabilities. The Bank passes the Uptime M&O certification, becoming the first urban commercial bank in China to receive the certification. It also passes the ISO27000 (Information Security System) certification, which strengthened the information security management level of the Bank.
2. Promote the risk control and improve the business continuity management. By introducing external professional consulting companies, the Bank comprehensively sorted out the business continuity management system, continuously implemented business continuity drills and strengthened the process management. In addition, the Bank launched ISO22301 business continuity management system certification to reinforce the awareness of business continuity management throughout the whole bank and thus established a long-term management mechanism.
3. Strengthen information security, prevent and mitigate risks. The Bank reinforced information security, and focused on promoting the construction of security system. According to the requirements of the Personal Information Protection Law, Cybersecurity Law, Data Security Law and other laws and regulations, the Bank built a security protection network in connection with data classification and grading to protect personal information, and continued to promote the construction of the network security situation awareness platform. The Bank realized real-time monitoring, early warning, disposal and display of security events through security big data, full traffic correlation analysis combined with threat intelligence, thus realizing security risk visualization and automated response.



Management Discussion and Analysis

11.9 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability. The Bank attached great importance to reputation risk management, strengthened the leadership of Party building, and established an incentive and constraint mechanism by improving the organizational structure of reputation risk management, and gave play to the appraisal as a "baton". In addition, the Bank perfected the reputation risk management mechanism, conducted positive publicity systematically, established an ex-ante assessment mechanism of reputation risk, continued real-time monitoring, set up the liaison mechanism and the regular visit mechanism, and carried out reputation risk training, exercise and other activities on a regular basis to effectively enhance the ability of prevention and resilience of public opinions, thus clarify the reputational risk management classification standards, principal of accountability and management principles concerning reputational risk. Prevention, monitoring, reporting and handling of reputational risks have been improved so as to minimize the loss and negative impact on our Bank caused by the reputational risk-related events and promote our sustainable and stable operation.

In the next stage of reputational risk management, the Bank will continue to implement 365x24 hours public opinion monitoring with a specially-assigned personnel to ensure the monitoring quality; continue special investigation for reputation risks during sensitive periods; keep tracking the disposal of non-performing assets and the progress of system development, thus well prepared to cope with exposed risks and hazards in a timely manner; strictly conduct preparatory work for major projects, businesses, products and systems in advance; strengthen compliance management and fostering a culture of compliance by means of learning, training and examinations; enhance communication and coordination of internal and external affairs, especially coordination and implementation of government and regulatory work. At the same time, the Bank will strengthen media outreach, and take the initiative to make a plan for thematic series reports by seizing opportunities in epidemic prevention and control, innovation of financial services, green finance and other aspects. Moreover, the Bank will constantly conduct positive publicity, and gradually exert the influence of positive publicity and guidance.

11.10 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.

Management Discussion and Analysis

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 enough resources (including manpower, capital, management and IT resources) are available and allocated 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 affect 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 appetite and portfolio complexity. The Bank clarified full-time strategic management personnel, continuously strengthened the performance of functions such as strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and processes, and strengthened the regulation and assessment of daily and key tasks for strategic performance. At the same time, the Bank formulated and decomposed its strategic objectives in the form of three-year medium-term and long-term plans and annual business plans, formulated practical step-by-step implementation plans, and accelerated the establishment and improvement of effective strategy implementation management mechanisms to enhance strategy execution through efficient organizational synergy and effectively guarantee the smooth achievement of development strategy objectives.

As of June 30, 2022, our Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

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



Changes in Share Capital and Information on Shareholders

1. Changes in share capital

As of June 30, 2022, 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.

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

1.1 Breakdown table of changes in shares

Class of shares	As at June 30, 2022		Changes in shares during the reporting period (share)	As at December 31, 2021	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	366,020,000	15.20	0	366,020,000	15.20
Domestic state-owned legal person shares	636,419,936	26.44	18,765,700	617,654,236	25.66
Domestic social legal person shares	971,752,590	40.37	(18,765,700)	990,518,290	41.15
Domestic natural person shares	25,807,474	1.07	0	25,807,474	1.07
Overseas listed shares (H Shares)	407,367,200	16.92	0	407,367,200	16.92
Total number of ordinary shares	2,407,367,200	100.00	0	2,407,367,200	100.00

1.2 Information on changes in more than 1% of Domestic Shares

During the reporting period and as at the date of this report, there were no changes in more than 1% of Domestic Shares of the Bank.

2. Particulars of shareholders

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

As of June 30, 2022, the Bank had 670 domestic shareholders in total, including 1 state-owned shareholder, 12 state-owned legal person shareholders, 57 social legal person shareholders and 600 natural person shareholders.

Changes in Share Capital and Information on Shareholders

2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As of June 30, 2022, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of Shareholders	Classes of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of	Shares pledged or frozen	Number of shares (share)
			the Bank by the end of reporting period (%)		
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	–
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	5.65	Normal	–
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98	Normal	–
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60	Pledged	83,920,000
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52	Pledged	84,792,010
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37	Normal	–
Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司)	Domestic Shares	56,392,500	2.34	Normal	–
Jiujiang State-owned Assets Management Co., Ltd.	Domestic Shares	43,454,831	1.81	Pledged	12,000,000
Total		1,586,682,421	65.90		

Changes in Share Capital and Information on Shareholders

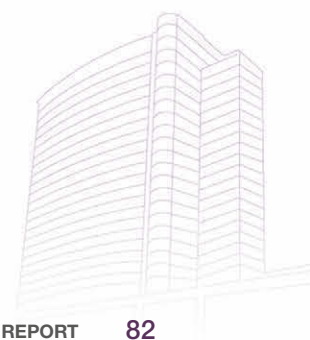
2.3 Interests and short positions of substantial shareholders in shares and underlying shares under Hong Kong laws and regulations

As of June 30, 2022, 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 (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau ⁽²⁾	Domestic Shares	366,020,000(L) ⁽¹⁾	Beneficial Owner	18.30	15.20
	Domestic Shares	40,000,000(L) ⁽¹⁾	Interest of Controlled Corporation	2.00	1.66
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
Fangda Carbon New Material Co., Ltd. ⁽⁵⁾	Domestic Shares	136,070,000(L) ⁽¹⁾	Beneficial Owner	6.80	5.65
	Domestic Shares	35,000,000(L) ⁽¹⁾	Interest of Controlled Corporation	1.75	1.45
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 ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Sounda Properties Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development Holdings Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development International Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
R&F Properties (HK) Co., Ltd. ⁽⁷⁾	H Shares	63,591,000(L) ⁽¹⁾	Beneficial Owner	15.61	2.64
Guangzhou R&F Properties Co., Ltd. ⁽⁷⁾	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Harbor Sure (HK) Investments Limited	H Shares	63,591,000(L) ⁽¹⁾	Security interest in shares	15.61	2.64
ABCI Investment Management Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
ABC International Holdings Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64

Changes in Share Capital and Information on Shareholders

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Agricultural Bank of China Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Ministry of Finance of the People's Republic of China	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Central Huijin Investment Ltd.	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Hopeson Holdings Limited ⁽⁶⁾	H Shares	46,037,600(L) ⁽¹⁾	Beneficial Owner	11.30	1.91
Success Cypress Limited ⁽⁶⁾	H Shares	40,850,800(L) ⁽¹⁾	Beneficial Owner	10.03	1.70
Tan Huichuan ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Guangzhou Jinxiu Dadi Property Development Company Limited ⁽⁶⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Guangzhou Jinxiu Investment Company Limited ⁽⁶⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Guangdong Nimble Real Estate (Group) Co., Ltd. ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Zhaoqing Tiancheng Property Co., Ltd. ⁽⁶⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Faithful Edge Limited ⁽⁶⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Rong De Investment Limited ⁽⁹⁾	H Shares	33,308,200(L) ⁽¹⁾	Beneficial Owner	8.18	1.38
East System Investments Limited	H Shares	28,561,400(L) ⁽¹⁾	Beneficial Owner	7.01	1.19
Venfi Group Limited ⁽¹⁰⁾	H Shares	22,205,400(L) ⁽¹⁾	Beneficial Owner	5.45	0.92



Changes in Share Capital and Information on Shareholders

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Jiujiang Finance Bureau, an official organ as legal person, directly or indirectly holds a total of 366.02 million Domestic Shares of the Bank, accounting for 15.20% of the Bank’s total issued share capital as at the end of the reporting period. The bureau’s legal representative is Wu Zexun. Besides, Jiujiang Finance Bureau indirectly holds 40 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd. In accordance with the forms for filing disclosure of interests submitted on August 20, 2019, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert or without contradictory since January 1, 2016, the Bank’s Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controlled a total of approximate 18.67% of Domestic Shares of the Bank.
- (3) Beijing Automotive Group Co., Ltd. (“BAIC Group”) holds 366,020,000 Domestic Shares of the Bank, accounting for 15.20% of the Bank’s total issued share capital as at the end of the reporting period. The company’s legal representative is Jiang Deyi. Founded in 1958, BAIC Group is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company.
- (4) Industrial Bank Co., Ltd. (“Industrial Bank”) holds 294,400,000 Domestic Shares of the Bank, accounting for 12.23% of the Bank’s total issued share capital as at the end of the reporting period. The company’s legal representative is Mr. Lyu Jiajin. 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. 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) Fangda Carbon New Material Co., Ltd. (“Fangda Carbon”) held 136.07 million Domestic Shares, accounting for 5.65% of the Bank’s total issued share capital as at the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank, accounting for 1.45% of the Bank’s total issued share capital as at the end of the reporting period. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of approximately 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon was listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).
- (6) Chu Mang Yee holds equity interests in 66,037,600 H Shares of the Bank through two controlled corporations, of which 46,037,600 H shares are held through Hopeson Holdings Limited and the remaining 20,000,000 H shares are held through Sound Zone Properties Limited.
- (7) 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.
- (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. Guangzhou Jinxiu Dadi Property Development Company Limited (“Guangzhou Jinxiu Dadi”) is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. (“Guangzhou Nimble”) is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited (“Guangzhou Jinxiu Investment”) which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. (“Zhaoqing Tiancheng”); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (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.

Changes in Share Capital and Information on Shareholders

2.4 Top 10 shareholders of ordinary shares

As of June 30, 2022, the shareholdings of the top 10 shareholders who directly held ordinary shares of the Bank are as follows:

Name of shareholders	Classes of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of reporting period (%)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	5.65
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400	4.35
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52
R&F Properties (HK) Co., Ltd.	H Shares	63,591,000	2.64
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37
Total		1,655,092,490	68.74

2.5 The controlling shareholders of the Bank

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



Changes in Share Capital and Information on Shareholders

2.6 Shareholders holding 5% (inclusive) or more of the Bank's shares

Jiujiang Finance Bureau

Jiujiang Finance Bureau holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 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 indirectly holds 40.00 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd., the wholly-owned sub-subsidiary of Jiujiang Finance Bureau. In addition, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controlled an aggregate of 18.67% of the ordinary shares of the total issued share capital of the Bank.

As of the end of the reporting period, Jiujiang State-owned Assets Management Co., Ltd., the concert party of Jiujiang Finance Bureau, pledged 12 million Domestic Shares of the Bank. Apart from that, neither Jiujiang Finance Bureau nor its related parties pledge the equity of the Bank.

Beijing Automotive Group Co., Ltd.

BAIC Group holds 366.02 million Domestic Shares of the Bank, which are state-owned legal person shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, BAIC Group did not pledge the equity of the Bank.

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

Industrial Bank Co., Ltd.

Industrial Bank holds 294.40 million Domestic Shares of the Bank, which are social legal person shares, accounting for 12.23% of the Bank's total share capital as of the end of the reporting period. As of the end of the reporting period, Industrial Bank did not pledge the equity of the Bank.

Founded in August 1988 and with a registration place in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It has a total of approximately RMB20,774 million registered capital. The company's legal representative is Lyu Jiajin. It has no controlling shareholder, concert parties or actual controller. The ultimate beneficiary is Industrial Bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 50 banks in the world.

Changes in Share Capital and Information on Shareholders

Fangda Carbon New Material Co., Ltd.

Fangda Carbon holds approximately 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.

Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon's legal representative is Dang Xijiang and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd. The actual controller and ultimate beneficiary is Fang Wei. Fangda Carbon was officially listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).

2.7 Other substantial domestic shareholders

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

Other than those disclosed in the section 2.6 in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group Co., Ltd., Industrial Bank Co., Ltd. and Fangda Carbon New Material Co., Ltd., substantial domestic shareholder of the Bank who holds less than 5% of total capital or total shares of the Bank but dispatch Supervisors to the Bank is Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. ("Foshan Gaoming").

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

Foshan Gaoming holds 95.84 million Domestic Shares of the Bank, which are social legal person shares, accounting for 3.98% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Foshan Gaoming did not pledge the equity of the Bank.

Foshan Gaoming, with Luo Hanmin as its legal representative, was established in 2000 with a registration place in Foshan city, Guangdong province. It has a total of RMB300 million registered capital. The controlling shareholder, the actual controller and the ultimate beneficiary are Wu Jialing. 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 plant in China to apply hot stamping to magnetic stripes of deposit books. It is also a member of "China Trade Association for Anti-counterfeiting", one of the "Top 100 Printing Enterprises in Guangdong Province", and a "Garden-like Organization in Foshan City".

Changes in Share Capital and Information on Shareholders

2.8 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 City Financial Enterprise Financial Services Co., Ltd., Jiujiang City Financial Investment Management Co., Ltd., Jiujiang Technology Investment Co., Ltd., Jiujiang Non-financial Guarantee Holdings Co., Ltd., Jiujiang Infrastructural Investment Limited and Jiujiang State-owned Assets Management 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., 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 Futures Co., Ltd., etc.
4	Fangda Carbon New Material Co., Ltd.	Pingxiang Pinggang Steel Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd., Jiujiang Ping Gang Steel Co., Ltd., Shanghai Fangda Investment Management Co., Ltd., Chengdu Carbon Co., Ltd., Hefei Carbon Co., Ltd., Fushun Laihe Mining Co., Ltd., etc.
5	Foshan Gaoming 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

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

Unit: in millions of RMB

No.	Name of shareholders	The controlling		Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
		Credit balance	shareholders of the corporation								
1	Jiujiang Finance Bureau	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Jiujiang Infrastructural Investment Limited Jiujiang Bailihu New District Investment Development Co., Ltd. (九江市八里湖新區投資開發有限公司) Jiujiang Financing Guarantee Co., Ltd. (九江市融資擔保有限公司) Jiujiang Lushan Cableway Operation Management Co., Ltd. (九江市廬山交通索道經營管理有限責任公司) Jiujiang Dingxin Industrial Co., Ltd. (九江鼎新實業有限公司) Jiujiang Dingtong Carpark Construction Management Co., Ltd. (九江市鼎通停車場建設管理有限公司) Jiujiang State-owned Financing Guarantee Co., Ltd. (九江市國有融資擔保有限責任公司) Jiangxi Natural Gas Duchang Co., Ltd. Pengze County Natural Gas Co., Ltd. Jiujiang Kaida Lantian Hotel Management Co., Ltd. (九江凱達瀾天酒店管理有限公司) Jiujiang Ganghua Gas Company Limited Jiujiang Dingda Automobile Sales Service Co., Ltd. (九江鼎達汽車銷售服務有限公司) Topsola Green Energy Technology Co., Ltd. Jiangxi Borong Industrial Development Co., Ltd. (江西博榮實業發展有限公司) Jiujiang Vegetable Basket Agricultural Development Co., Ltd. (九江市菜籃子農業發展有限公司) Jiujiang Financial Holding Supply Chain Finance Co., Ltd. (九江市金控供應鏈金融有限公司)	253.50 245.00 110.48 70.00 60.00 35.00 29.70 10.58 10.00 10.00 5.42 5.00 5.00 5.00 5.00 3.50	863.18



Changes in Share Capital and Information on Shareholders

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	Beijing CA Sinfusi Financial Leasing Co., Ltd. Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鹏融资租赁(天津)有限公司) BAIC Group Industrial Investment Co., Ltd. BAIC Yinxiang Automobile Co., Ltd. Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (沧州经济开发区兴业产业园有限责任公司) Jingdezhen City Xingchangda Property Co., Ltd.	169.24 117.12 50.00 101.89 45.00 38.33	521.58
3	Industrial Bank Co., Ltd.	32.41	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	32.41
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	1,800.00	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel Group Co., Ltd. Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiujiang Ping Gang Steel Co., Ltd.	2,699.60 399.99 300.00	5,199.59
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Wu Jialing	-	Wu Jialing	-	-	-	Wu Jialing	-	-	-	-
	Total	32.41		1,800.00		-		-		-		4,784.35	6,616.76

Note: The above figures did not include gains from bond investment.

2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of June 30, 2022, the substantial shareholders of the Bank didn't pledge equity in the Bank.

2.11 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Mr. ZENG Huasheng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Mr. SHI Zhishan as a Director of the Bank;
- (3) Industrial Bank Co., Ltd. nominated Mr. LI Jianbao as a Director of the Bank; and
- (4) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. nominated Ms. LIU Chunmei and Ms. LIAO Jingwen as Supervisors of the Bank.

Changes in Share Capital and Information on Shareholders

2.12 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 number of pledged shares of the Bank didn't exceed 20% of the issued share capital.

2.13 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 has 91,089,528 pledged shares held by 4 Domestic Shareholders that were involved in frozen; no pledged shares was involved in judicial auctions.

(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 voting rights of such shareholder at the Shareholders' General Meeting and the voting rights of the directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. As of the end of the reporting period, the number of Domestic Shares of the Bank pledged by 12 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 237,692,020 shares were restricted, accounting for 9.87% of the total shares of the Bank.

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

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



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

1. Current Directors, Supervisors and Senior Management

Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June	Class of shares
					30, 2022 (Share)	
PAN Ming ⁽²⁾	Male	47	Vice Chairman of the Board of Directors and executive Director	May 2020 – May 2023	224,910	Domestic Shares
YUAN Delei	Male	44	Executive Director, Vice President and Risk Director	December 2021 – May 2023	Nil	
ZENG Huasheng	Male	58	Non-executive Director	May 2020 – May 2023	Nil	
SHI Zhishan	Male	43	Non-executive Director	November 2021 – May 2023	Nil	
LI Jianbao	Male	48	Non-executive Director	May 2020 – May 2023	Nil	
CHUA Alvin Cheng-Hock	Male	63	Independent Non-executive Director	May 2020 – May 2023	Nil	
GAO Yuhui	Female	72	Independent Non-executive Director	May 2020 – May 2023	Nil	
QUAN Ze	Male	50	Independent Non-executive Director	May 2020 – May 2023	Nil	
YANG Tao	Male	48	Independent Non-executive Director	May 2020 – May 2023	Nil	
LIU Yinan ⁽¹⁾	Male	44	Proposed non-executive Director	-	Nil	
XIAO Jing ⁽¹⁾⁽²⁾	Male	45	Proposed executive Director and President	-	70,000	Domestic Shares

Notes:

- (1) The newly elected Directors Mr. LIU Yinan and Mr. XIAO Jing will be reported to China banking and insurance regulatory authorities for approval of their qualifications. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.
- (2) On February 11, 2022, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing performed relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to July 18, 2022. On July 18, 2022, the qualification of Mr. XIAO Jing as the President of the Bank was approved by the China Banking and Insurance Regulatory Commission Jiangxi Bureau. Mr. XIAO Jing was elected as the President of the Bank with the term of office commencing from July 18, 2022 until the expiration of the term of the sixth session of the Board, and Mr. XIAO Jing is eligible for re-election upon expiration of the term of office.

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

Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June	Class of shares
					30, 2022 (Share)	
MEI Mengsheng	Male	55	Chairman of the Board of Supervisors	May 2020 – May 2023	Nil	
LIU Chunmei	Female	73	Supervisor	May 2020 – May 2023	Nil	
GUO Jiequn	Male	51	Supervisor	May 2020 – May 2023	Nil	
CHEN Chunxia	Female	58	Supervisor	May 2020 – May 2023	Nil	
LIAO Jingwen	Female	37	Supervisor	May 2020 – May 2023	14,000	Domestic Shares
WAN Dandan	Female	34	Supervisor	May 2020 – May 2023	Nil	



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

Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held as at June 30, 2022 (Share)	Class of shares
XIAO Jing	Male	45	Proposed Executive Director and President	70,000	Domestic Shares
XIE Haiyang	Male	38	Vice President and President of Nanchang Branch	Nil	
WANG Li	Female	58	Vice President and Board Secretary	Nil	
YUAN Delei	Male	44	Executive Director, Vice President and Risk Director	Nil	
HUANG Chaoyang	Male	52	Assistant to President and Chairman of Zhongshan Xiaolan County Bank	500,000	Domestic Shares
QI Yongwen	Male	51	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
CHEN Luping	Male	56	Director of Small- enterprise Credit	331,100	Domestic Shares
XU Cao	Male	54	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	55	Assistant to President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	54	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	53	Chief Accountant and the General Manager of the Planning and Finance Department	Nil	

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

2.1 Changes in Directors

On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement, and his resignation took effect from February 11, 2022. The Board of the Bank shall complete the appointment of the new Chairman in accordance with statutory procedures as soon as possible and publish an announcement in due course. For details, please refer to the announcement published by the Bank on February 11, 2022.

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

2.2 Changes in Senior Management

Upon the consideration and approval at the thirteenth meeting of the sixth session of the Board on October 20, 2021 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2022] No. 120), Mr. YUAN Delei was appointed as the Vice President of the Bank.

On February 11, 2022, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. Mr. PAN Ming continued to serve as the Vice Chairman, executive Director and members of the special committees of the Board of the Bank. In order to ensure the normal operation of the Bank, Mr. XIAO Jing performed relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to July 18, 2022.

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2022] No. 122) on July 18, 2022, Mr. XIAO Jing was appointed as the President of the Bank.

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

2.3 Changes in Directors, Supervisors and Senior Management after the Reporting Period

2.3.1 Changes in Senior Management

On July 18, 2022, the qualification of Mr. XIAO Jing as the President of the Bank was approved by the China Banking and Insurance Regulatory Commission Jiangxi Bureau. Mr. XIAO Jing was elected as the President of the Bank with the term of office commencing from July 18, 2022 until the expiration of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. For details, please refer to the announcement published by the Bank on July 18, 2022.

On August 30, 2022, the Board resolved to appoint Mr. CHENG Zhong as the Chief Information Officer of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. CHENG Zhong is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. XIAO Jing from the position of the Chief Information Officer of the Bank, with effect from August 30, 2022.

On August 30, 2022, the Board resolved to dismiss Mr. CHEN Luping from the position of the Director of Small-enterprise Credit Officer of the Bank, with effect from August 30, 2022.

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 other Directors, Supervisors and senior management of the Bank.

3. Biographies of the Newly-elected Directors, Supervisors and Senior Management

3.1 Directors

Mr. XIAO Jing, aged 45, is the President of the Bank and is proposed to serve as the executive Director.

Mr. XIAO held various positions in the software development center of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively), including an employee of the development department from July 1999 to December 2002; an employee of the technology department from December 2002 to June 2003; the deputy manager of the second division of the technology department from June 2003 to June 2005; the deputy manager of the second division of the system department from June 2005 to September 2006; the manager of the second division of the system department from September 2006 to January 2008; the senior technical deputy manager of the system department from January 2008 to May 2008; the senior technical deputy manager of the technology department from May 2008 to July 2009; the senior technical manager of the Guangzhou first development division from July 2009 to September 2010; the deputy general manager of the Guangzhou first development division from September 2010 to June 2011; the deputy general manager (person-in-charge) and the general manager of the Guangzhou first development division from June 2011 to March 2012 and from March 2012 to April 2014, respectively. Mr. XIAO joined the Bank in April 2014, and has served as the chief information officer of the Bank from July 2014 to August 2018; a Party committee member and chief information officer of the Bank from August 2018 to December 2018; a Party committee member, a vice president as well as chief information officer of the Bank from December 2018 to December 2021. He served as the deputy secretary of the Party committee, the vice president and chief information officer of the Bank from December 2021 to July 2022 and the deputy secretary of the Party committee, vice president and chief information officer of the Bank from July 2022 to August 2022. He has been the deputy secretary of the Party committee and the President of the Bank since August 2022.

Mr. XIAO is a senior engineer, a senior economist and is qualified as an internal auditor. He was also accredited as a Financial Risk Manager by the Global Association of Risk Professionals. Mr. XIAO obtained a bachelor's degree in engineering from Zhongnan University of Finance and Economics (中南財經大學), majoring in management information systems in June 1999. He obtained an MBA degree from Sun Yat-sen University (中山大學) in June 2007.



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

3.2 Senior Management

Mr. YUAN Delei, aged 43, is an executive Director, the vice president and the risk director of the Bank.

Mr. YUAN successively served as the deputy chief, chief and the deputy general manager of Legal Affairs Department of the Anhui Branch of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively) from July 2003 to April 2013; a member of the Party Committee and Vice President of the Anhui Chizhou Branch of Industrial and Commercial Bank of China Limited from April 2013 to January 2016; the deputy general manager of Legal Affairs Department and the deputy general manager of Credit and Investment Management Department of the Anhui Branch of Industrial and Commercial Bank of China Limited from January 2016 to October 2019; successively served as the general manager of Risk Management Department under the head office of the Bank and the Chief Independent Credit Approval Officer and General Manager of the Risk Management Department of the Bank from November 2019 to July 2020; the Chief Independent Credit Approval Officer of the Bank from July 2020 to February 2021. He served as the risk director and Chief Independent Credit Approval Officer of the Bank from February 2021 to August 2021 and Party committee member, the risk director and Chief Independent Credit Approval Officer of the Bank from August 2021 to December 2021. Mr. YUAN served as Party committee member, executive Director, the risk director and Chief Independent Credit Approval Officer of the Bank from December 2021 to July 2022. He has been serving as Party committee member, executive Director, vice president, the risk director and Chief Independent Credit Approval Officer of the Bank since July 2022.

Mr. YUAN is a mid-level economist; he obtained a bachelor's degree in economics in international trade from East China Institute of Metallurgy in July 2000; he obtained a master's degree in law in Marxist Theory and Ideological and Political Education from University of Science and Technology of China in July 2003; he obtained a doctoral degree in management in Management Science and Engineering from University of Science and Technology of China in June 2008.

4. 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 six months ended June 30, 2022. 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.



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

5. 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 (share)	Approximate	Approximate
					percentage of total issued share capital of the relevant class of the Bank (%)	percentage of total issued share capital of the Bank (%)
PAN Ming	Vice Chairman of the Board of Directors and Executive Director	Domestic Shares	Beneficial Owner	224,910	0.01	0.01
XIAO Jing ⁽¹⁾	President and Proposed Executive Director	Domestic Shares	Beneficial Owner	70,000	0.00	0.00
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

Note:

- (1) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

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

Interests in Associated Corporations (Long Positions)

Name	Position	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
PAN Ming	Vice 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
		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	0.24
		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
XIAO Jing ⁽⁶⁾	President and Proposed 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	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	75,000	0.15
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	60,000	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	120,000	0.30
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	150,000	0.30
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	175,000	0.35
		Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		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	0.05
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	80,000	0.20
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	50,000	0.10



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

Notes:

- (1) The Bank holds 35.00% of equity and 53.90% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.70% 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 68.16% of equity and 77.96% 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 35.00% of equity and 54.90% 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 35.00% of equity and 54.90% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (6) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

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

Ms. LIAO Jingwen, a Supervisor of the Bank, serves as the chairperson of the board of directors of Xiushui Jiuyin County Bank LLC, the director of Jingdezhen Changjiang Jiuyin County Bank Co., Ltd., the director of Lushan Jiuyin Yishu County Bank Co., Ltd. and the director of Hukou Jiuyin County Bank Co., Ltd.

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

Mr. WANG Yuanxin, Assistant to President of the Bank, serves as the chairman of the board of directors and president of Beijing Daxing Jiuyin County Bank Co., Ltd.

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

7. Information on Employees

7.1 Composition of personnel

By department/function

	As at June 30, 2022	
	Number of staff	Percentage of total (%)
Corporate banking	845	17.75
Retail banking	988	20.75
Inclusive financial business	162	3.40
Financial market business	39	0.82
Finance and accounting	346	7.27
Risk management, internal control and audit	209	4.39
Legal and compliance, human resources and information technology	442	9.28
Management	95	1.99
Teller	974	20.45
Jiuyin county bank	561	11.78
Others	101	2.12
Total	4,762	100.00

By age

	As at June 30, 2022	
	Number of staff	Percentage of total (%)
Aged below 30	3,039	63.82
Aged 31-40	1,523	31.98
Aged 41-50	165	3.46
Aged over 50	35	0.74
Total	4,762	100.00



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

By education level

	As at June 30, 2022	
	Number of staff	Percentage of total (%)
Master's degree and above	578	12.14
Undergraduate and junior college	4,164	87.44
Others	20	0.42
Total	4,762	100.00

7.2 Staff training plan

In order to continue to develop as a learning organization and to help our employees to become professional, expertised and career-oriented managers, the Bank implemented the concepts of “self-training, self-enhancing, self-criticizing and self-improving”, fully integrating the Bank’s development strategies and business needs to promote the ability of self-taught through works and duties.

The Bank promoted the development concept of “Digital Jiuyin”, by utilizing online learning platform to enhance professional standards of employees through regular learning of new knowledge. During the reporting period, the Bank produced 270 online courses, with 60,207 participants learning the courses; while the online learning hours of employees reached 15,270.9 hours, with the average learning hours per capita up to 3.63 hours.

Adhering to the principle of “combination of training and application”, the Bank completed the development of standardized courses for pioneer of service and focused on the improvement of the level and quality of customer service. During the reporting period, the Bank organised 5, 5 and 3 sessions of learning activities for pioneer empowerment of service, pioneer empowerment of retail business and pioneer empowerment of culture, respectively. Adhering to the approach of “promoting learning through examinations”, the Bank organised one post qualification examination.

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

7.3 Remuneration policies

(I) Remuneration management structure and decision-making procedures

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

There is a Nomination and Remuneration Committee under the Board of Directors of the Bank, which reviews the general remuneration management system and policies of the Bank; formulates remuneration plans for Directors and the senior management, and provides suggestions to the Board on remuneration plans and supervises the implementation of remuneration plans. The Nomination and Remuneration Committee under the Board of our Bank was composed of one executive Director and two independent non-executive Directors, namely Mr. PAN Ming as the executive Director, and Mr. QUAN Ze and Mr. YANG Tao as the independent non-executive Directors. The independent non-executive Director, Mr. YANG Tao acted as the chairman.

There is also a Remuneration Management Committee and the Remuneration Management Team thereunder internally in the Bank. The Remuneration Management Committee is mainly responsible for remuneration management strategies, mechanism and methods of the Bank and establishing employees remuneration benefit management mechanism, management systems and improvement proposals. The Remuneration Management Committee comprises a chairman and members. The chairman shall be served by the President, and the committee members shall be the chairman of the labor union and the bank leader in charge of finance. The Remuneration Management Team is formed by members from the Human Resources Department of Head Office as well as the Planning and Finance Department.

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

The Bank followed the guiding ideology of “Performance-driven” to implement a remuneration mechanism as both an incentive and constraint to employees. The remuneration is directly linked to performances and contributions to the Bank and is evaluated by EVA of each branch and FTP net income of new bank deposits.



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

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

In order to ensure full effectiveness of remuneration in the Bank's risk management and control and to establish a scientific and reasonable incentive and restraint mechanism, in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank established a deferred payment management system for employees of the Bank, and strictly implemented the remuneration deferred payment system that associated performance remuneration of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system. During defer red payment period, in case of significant risk losses, the Bank will cease the deferred payment of the person responsible and could recall the performance salary.

(IV) Contribution to the defined contribution plans

The contributions that the Bank contributes to the defined contribution plans are recognised as expenses when incurred, and will not be deducted by forfeited contributions of employees who left the plan before the contributions are fully attributed. Hence, there is no such an issue whether forfeited contributions may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

(V) Remuneration policies

In order to enhance our competitive advantages, adhere to the principle of efficiency, fairness, performance and business orientation and establish a scientific and reasonable incentive and restraint mechanism; as well as to give full play to the incentivization, restrictiveness, and protection, fostering the organic unification of value creation, evaluation and allocation, the Bank has established a sound salary system. The remuneration system of the existing personnel consists of basic salary, post salary, performance salary and allowances and benefits. The basic salary shall be assessed according to the personnel type, employment method, employee grade, basic salary level and regional adjustment coefficient; the post salary shall be assessed according to the number of days on duty, personnel type, employment method, employee grade, management responsibility, basic salary level and regional adjustment coefficient; the performance salary shall be assessed according to the employee's performance.

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

8. Basic Information of Institutions under the Bank

As of June 30, 2022, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 267 sub-branches which consisted of 169 traditional sub-branches, 86 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. The Bank plans to steadily expand its distribution network to all major cities in Jiangxi Province. In addition, the Bank established 20 Jiuyin County banks, among which 18 County banks were controlled and consolidated as of June 30, 2022.

Status of the branches of the Bank as of June 30, 2022 is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No.619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 39 traditional sub-branches, 17 community sub-branches	57
	Nanchang Branch	No.1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 community sub-branch, 1 small and micro enterprises sub-branch	3
	Ji'an Branch	New 196 Jinggongshan Avenue, Ji'an, Jiangxi Province	1 branch, 15 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	25
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 18 traditional sub-branches, 12 community sub-branches, 3 small and micro enterprises sub-branches	34
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 9 community sub-branches	22
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 17 traditional sub-branches, 3 community sub-branches, 2 small and micro enterprises sub-branches	23
	Shangrao Branch	1-1, 2-1, 3-1, 4-1, 5-1, No. 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch, 12 traditional sub-branches, 6 community sub-branches	19
	Jingdezhen Branch	Bank of Jiujiang Mansion, Xishan Road, Changjiang District, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 4 community sub-branches	12
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 3 traditional sub-branches, 2 community sub-branches, 1 small and micro enterprises sub-branch	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 4 traditional sub-branches, 1 small and micro enterprises sub-branch	6

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

District	Name of institution	Operating address	Remark	Number
Guangdong Province	Guangzhou Branch	Rooms 106, 107 and 108, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou, Guangdong Province	1 branch, 11 traditional sub-branches	12
	Nansha Sub-branch in Guangdong Pilot Free-Trade Zone	Room 105 and Rooms 401, 402, 403, 404, 405, 406 and 407, Zibian Building No.1, No. 106 Fengze East Road, Nansha District, Guangzhou, Guangdong Province	1 branch, 1 community sub-branch	2
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 4 community sub-branches	18
Total				281

Status of the controlled county banks of the Bank as of June 30, 2022 is set out below:

Name of subsidiaries	Operating address
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing, Jiangsu Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Room 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshan East Road, Fenyi County, Xinyu, Jiangxi Province

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

Name of subsidiaries	Operating address
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi town, Jing'an County, Yichun, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Lushan Jiuyin Yishu County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No.619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

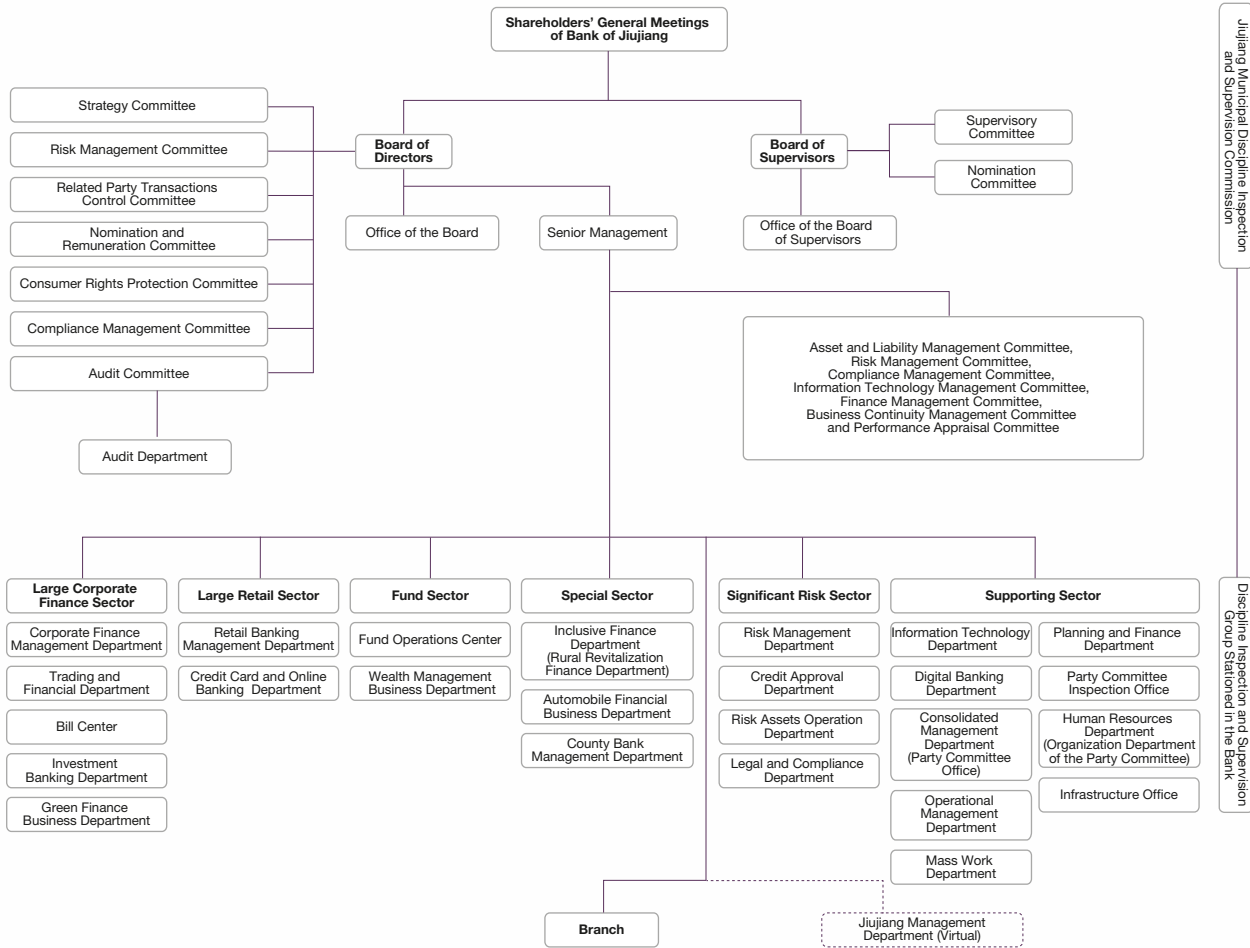
Status of the county banks in which the Bank has shareholdings as of June 30, 2022 is set out below:

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



Corporate Governance

Organizational and Management Chart



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 of the PRC and the Corporate Governance Standards for Banking and Insurance Institutions, 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 31 meetings during the reporting period, including 1 general meeting of shareholders, 4 meetings of the Board of Directors, 19 meetings of special committees under the Board of Directors, 2 meetings of the Board of Supervisors, and 5 meetings of special committees under the Board of Supervisors.

2. Compliance with the Corporate Governance Code

During the reporting period, the Bank strictly complied with the provisions in Part 2 of the Corporate Governance Code in Appendix 14 to the Listing Rules and, where appropriate, adopted the recommended best practices.

3. Holding of general meetings of shareholders

The Bank held 1 general meeting of shareholders during the reporting period. On June 29, 2022, the Bank convened the 2021 Annual General Meeting and deliberated on a total of 14 proposals, including the Proposal in relation to the Deliberating on the 2021 Report of the Board of Directors of Bank of Jiujiang Co., Ltd.

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



Corporate Governance

4. Holding of meetings of the Board of Directors and its special committees

During the reporting period, the Board of Directors held 4 meetings, and considered and approved a total of 66 proposals. The special committees under the Board of Directors held 19 meetings, including 4 meetings of the Risk Management Committee, 2 meetings of the Audit Committee, 3 meetings of the Related Party Transactions Control Committee, 4 meetings of the Strategy Committee, 2 meetings of the Nomination and Remuneration Committee, 2 meetings of the Consumer Rights Protection Committee and 2 meetings of Compliance Management Committee, at which a total of 62 proposals were considered and approved.

5. Holding of meetings of the Board of Supervisors and its special committees

During the reporting period, the Board of Supervisors of the Bank held 2 meetings, and considered and approved a total of 36 proposals. The special committees under the Board of Supervisors of the Bank convened 5 meetings, including 4 meetings of the Nomination Committee and 1 meeting of the Supervisory Committee, at which a total of 4 proposals were considered and approved.

Corporate Governance

6. Internal control and internal audit

6.1 Internal control

During the Reporting Period, centering on five elements of internal control and with the Basic System of Internal Control of Bank of Jiujiang Co., Ltd. as the outline system, the Bank established a relatively scientific, complete, reasonable and tight internal control system with the aim of improving risk control capability and customer service capability, promoting sustainable development, and continuously and effectively upgrading and improving internal control. **In terms of internal control environment**, we established the enterprise culture of “prioritizing internal control and compliance”, optimized our organizational structure and established an internal control governance and organizational structure with a reasonable division of labor, defined responsibilities and clear reporting relationships, consisting of the Board of Directors, the Board of Supervisors, the general meeting of shareholders and functional department of internal control management, audit department and six sectors including large corporate finance sector, large retail sector, fund sector, special sector, significant risk sector and supporting sector. **In terms of risk assessment**, we established a comprehensive risk management system and continuously improve the whole process control mechanism of pre-event, during-event and post-event, thus can effectively identify, monitor, measure, evaluate and control various risks, and keep the risks within tolerable limits. **In terms of control measures**, we carried out evaluations on products, systems and process, consolidated the results of “year of internal control and compliance”, strengthened the key points of compliance and enhanced the evaluation on the compliance with internal and external rules and the evaluation on the embeddedness of the key points of compliance in various process. The Bank also developed and launched the intelligent legal affairs platform system, realized intelligent contract management and case management, responded to the strategy of “Digital Jiuyin” and promoted the intelligent and online management of matters regarding to the internal control and compliance. The Bank integrated various control measures to implement effective control over various businesses and matters, and the scope of internal control basically covers all management and business processes. **In terms of information and communication**, the information construction was relatively complete, the internal and external data indicator system was relatively sound, and the three lines of defense and joint prevention and control mechanism were relatively complete, and the information exchange and communication among them were relatively smooth and effective. **In terms of internal supervision**, we focused on inspection and evaluation, inspected the major branches, important business and significant events of the Bank through the inspection of the party committee, the inspection compliance of internal control and routine investigation, carried out internal control evaluation and supervision and evaluation of audit department. We gave more priority to the “four-in-one” supervision, effectively corrected problems found and basically formed an internal control mechanism featuring beforehand risk prevention, in-progress control and post-event supervision and correction in place.

Corporate Governance

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

6.2 Internal audit

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

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

Significant Issues

1. Profits and Dividends

The income and financial position of the Bank for the six months ended June 30, 2022 are set out in the interim financial statements of this interim report. The Bank did not recommend the payment of interim dividend for the six months ended June 30, 2022.

2. Significant Investment and Plans

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

3. Material Lawsuits, Arbitrations and Material Cases

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

4. Significant Contracts and their Performance

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

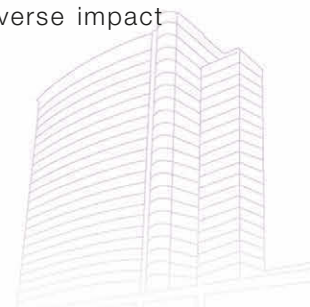
5. Share Incentive Plans and Specific Implementation During the Reporting Period

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

6. Related Party Transactions

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

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



Significant Issues

As of the end of the reporting period, the balance of the related party transactions with legal persons related to the Bank was RMB6,617 million; the balance of related party transactions with natural persons was RMB234 million; the total balance of related party transactions was RMB6,851 million, accounting for 15.97% of the Bank's net capital, which met the regulatory requirements.

For details of the related party transactions with legal persons, please refer to the Section 2.9 in Chapter 4.

7. Significant Assets Pledged

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

8. Significant Acquisition and Disposal of Assets and Business Combination

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

9. 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 the CSRC, nor under any public censure by the Hong Kong Stock Exchange or under any punishment by any other regulators which had a material effect on the Bank's operation.

10. Review of Interim Report

The interim financial report disclosed in this interim report is unaudited. KPMG has reviewed the interim financial statements for the six months ended June 30, 2022 which were prepared by the Bank in accordance with the IFRS in accordance with relevant review standards, and issued the auditors' review report with a clean opinion.

On August 29, 2022, the Audit Committee of the Bank had reviewed and confirmed the interim results announcement of the Bank for the six months ended June 30, 2022, the 2022 interim report, as well as the unaudited interim financial statements for the six months ended June 30, 2022 which was prepared in accordance with the requirements of the IFRS.

Significant Issues

11. Interim Results

The interim results announcement of the Bank for the six months ended June 30, 2022 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, 2022.

12. Significant Events after the Reporting Period

After the end of the reporting period, no significant events have taken place that may affect the Bank.



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

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

Introduction

We have reviewed the interim financial report set out on pages 119 to 192 which comprises the consolidated statement of financial position of Bank of Jiujiang Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as at June 30, 2022, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making 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.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

August 30, 2022



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2022 (Unaudited)	2021 (Unaudited)
Interest income		9,971,745	9,243,169
Interest expense		(5,624,609)	(5,241,150)
Net interest income	5	4,347,136	4,002,019
Fee and commission income		394,708	356,035
Fee and commission expense		(57,191)	(47,518)
Net fee and commission income	6	337,517	308,517
Net gains arising from financial investments	7	396,793	541,599
Other income, gains or losses	8	130,658	76,523
Operating income		5,212,104	4,928,658
Operating expenses	9	(1,338,876)	(1,191,889)
Impairment losses on assets	10	(2,751,558)	(2,453,033)
Share of profits of associates		5,575	4,549
Profit before taxation		1,127,245	1,288,285
Income tax expense	11	(88,421)	(159,575)
Net profit for the period		1,038,824	1,128,710
Net profit for the period attributable to:			
Equity shareholders of the Bank		1,023,678	1,087,088
Non-controlling interests		15,146	41,622

The notes on pages 126 to 192 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2022 (Unaudited)	2021 (Unaudited)
Net profit for the period		1,038,824	1,128,710
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in fair value		79,751	170,151
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		4,553	(70,908)
– Income tax relating to items that may be reclassified to profit or loss		(21,076)	(24,811)
Other comprehensive income for the period, net of tax	12	63,228	74,432
Total comprehensive income for the period		1,102,052	1,203,142
Total comprehensive income for the period attributable to:			
Equity shareholders of the Bank		1,086,909	1,161,235
Non-controlling interests		15,143	41,907
Total comprehensive income for the period		1,102,052	1,203,142
Basic and diluted earnings per share (in RMB)	13	0.43	0.45

The notes on pages 126 to 192 form part of this interim financial report.



Consolidated Statement of Financial Position

As at June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Cash and balances with the central bank	14	32,720,200	35,672,985
Deposits with banks and other financial institutions	15	2,023,539	2,695,484
Financial assets held under resale agreements	16	11,440,325	19,384,807
Loans and advances to customers	17	268,385,431	242,938,384
Financial investments	18	150,007,932	147,275,337
Interest in associates	19	131,620	129,170
Property and equipment	20	2,857,710	2,953,034
Right-of-use assets	21	320,462	320,069
Deferred tax assets	22	4,151,094	3,852,807
Other assets	23	6,407,896	6,280,906
Total assets		478,446,209	461,502,983

The notes on pages 126 to 192 form part of this interim financial report.

Consolidated Statement of Financial Position

As at June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES			
Borrowings from the central bank	24	19,519,047	25,365,238
Deposits from banks and other financial institutions	25	12,756,239	13,540,241
Placements from banks and other financial institutions	26	5,072,564	5,416,020
Financial assets sold under repurchase agreements	27	11,172,610	989,154
Customer deposits	28	362,089,506	344,851,122
Income tax payable		273,790	644,833
Debt securities issued	29	27,914,999	31,446,796
Lease liabilities	30	354,490	365,598
Provisions		624,004	638,659
Other liabilities	31	2,734,991	2,832,097
Total liabilities		442,512,240	426,089,758
EQUITY			
Share capital	32	2,407,367	2,407,367
Other equity instruments	33	6,997,840	6,997,840
Reserves	34	25,788,902	25,278,730
Equity attributable to equity shareholders of the Bank		35,194,109	34,683,937
Non-controlling interests		739,860	729,288
Total equity		35,933,969	35,413,225
Total liabilities and equity		478,446,209	461,502,983

The financial statements have been approved by the Board of Directors of the Bank on August 30, 2022.

Pan Ming
EXECUTIVE DIRECTOR

Yuan Delei
EXECUTIVE DIRECTOR

Li Guoquan
CHIEF ACCOUNTANT

The notes on pages 126 to 192 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank									
	Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	Total
As at January 1, 2022	2,407,367	6,997,840	8,152,338	156,376	4,140,487	5,195,459	7,634,070	34,683,937	729,288	35,413,225
Net profit for the period	-	-	-	-	-	-	1,023,678	1,023,678	15,146	1,038,824
Other comprehensive income for the period	-	-	-	63,231	-	-	-	63,231	(3)	63,228
Total comprehensive income for the period	-	-	-	63,231	-	-	1,023,678	1,086,909	15,143	1,102,052
Dividend to ordinary shareholders	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividend to other equity instruments shareholders	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	(4,571)	(4,571)
As at June 30, 2022 (unaudited)	2,407,367	6,997,840	8,152,338	219,607	4,140,487	5,195,459	8,081,011	35,194,109	739,860	35,933,969
As at January 1, 2021	2,407,367	-	8,165,761	(79,194)	3,808,824	4,673,589	6,999,828	25,976,175	653,371	26,629,546
Net profit for the period	-	-	-	-	-	-	1,087,088	1,087,088	41,622	1,128,710
Other comprehensive income for the period	-	-	-	74,147	-	-	-	74,147	285	74,432
Total comprehensive income for the period	-	-	-	74,147	-	-	1,087,088	1,161,235	41,907	1,203,142
Issue of perpetual bonds	-	6,997,840	-	-	-	-	-	6,997,840	-	6,997,840
Dividend to ordinary shareholders	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	(5,643)	(5,643)
As at June 30, 2021 (unaudited)	2,407,367	6,997,840	8,165,761	(5,047)	3,808,824	4,673,589	7,846,179	33,894,513	689,635	34,584,148

The notes on pages 126 to 192 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before taxation		1,127,245	1,288,285
<i>Adjustments for:</i>			
Depreciation and amortisation		246,486	216,845
Impairment losses on assets		2,751,558	2,453,033
Interest income arising from financial investments		(2,614,915)	(2,760,446)
Interest expense arising from debt securities issued		437,827	566,724
Interest expense arising from lease liabilities		8,865	8,823
Net gains arising from financial investments		(394,497)	(515,429)
Share of profits of associates		(5,575)	(4,549)
Losses/(gains) on disposal of property and equipment and other assets		74	(5,337)
Reversal of business tax payable		(17,003)	–
Unrealized exchange (gains)/losses		(40,968)	10,358
Operating cash flows before movements in working capital		1,499,097	1,258,307
(Increase)/decrease in balances with the central bank and deposits with banks and other financial institutions		(1,183,593)	3,647,195
Increase in placements with banks and other financial institutions		–	(150,000)
Increase in financial assets held under resale agreements		(295,420)	(1,244,090)
Decrease in bonds investment measured at fair value through profit or loss		45,032	2,206,786
Increase in loans and advances to customers		(27,580,527)	(25,898,938)
(Decrease)/increase in borrowings from the central bank		(5,863,579)	344,453
(Decrease)/increase in deposits from banks and other financial institutions		(781,291)	3,621,920
Decrease in placements from banks and other financial institutions		(344,933)	(852,926)
Increase/(decrease) in financial assets sold under repurchase agreements		10,182,900	(1,400,760)
Increase in customer deposits		16,164,614	9,485,991
(Increase)/decrease in other operating assets		(47,477)	680,273
Increase in other operating liabilities		737,221	694,235
Net cash used in operating activities before tax		(7,467,956)	(7,607,554)
Income tax paid		(778,827)	(652,632)
Net cash used in operating activities		(8,246,783)	(8,260,186)

The notes on pages 126 to 192 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from investing activities			
Dividends received from associates		3,125	–
Cash received from disposal and redemption of financial investments		85,115,518	45,062,407
Cash received from disposal of property and equipment		637	56,747
Net cash received from investment gains and interest		2,919,340	2,796,642
Cash paid for purchase of financial investments		(88,211,997)	(51,888,530)
Cash paid for purchase of property and equipment and other assets		(237,320)	(543,485)
Net cash used in investing activities		(410,697)	(4,516,219)
Cash flows from financing activities			
Cash received from debt securities issued		13,875,377	24,799,995
Cash received from other equity instruments issued		–	6,997,840
Repayment of debt securities issued		(17,770,000)	(14,070,000)
Repayment of leases liabilities		(67,003)	(60,199)
Interest expenses paid for debt securities issued		(75,001)	(79,553)
Dividends paid to ordinary shares		(3,889)	(4,993)
Dividends paid to other equity instrument holders		(336,000)	–
Net cash (used in)/generated from financing activities		(4,376,516)	17,583,090
Net (decrease)/increase in cash and cash equivalents		(13,033,996)	4,806,685
Cash and cash equivalents at the beginning of the period		31,450,307	19,832,497
Effect of foreign exchange rate changes		3,241	62,402
Cash and cash equivalents at the end of the period	36	18,419,552	24,701,584
Net cash generated from/(used in) operating activities include:			
Interest received		7,306,410	6,590,009
Interest paid		(4,087,437)	(3,904,591)

The notes on pages 126 to 192 form part of this interim financial report.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

1. General information

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

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

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

2. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on August 30, 2022.

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

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

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

2. Basis of preparation (continued)

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

The interim financial report is unaudited but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by International Auditing and Assurance Standards Board (“IAASB”).

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

3. Changes in accounting policies

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

- **Amendment to IAS 16, *Property, plant and equipment: Proceeds before intended use***

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss.

- **Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract***

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

Previously, the Group included only incremental costs when determining whether a contract was onerous.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

3. Changes in accounting policies (continued)

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

4. Segment analysis

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

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

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

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

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





Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

4. Segment analysis (continued)

Corporate banking

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

Retail banking

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

Financial market business

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

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

During the six-month ended June 30, 2022, the Group adjusted the distribution method of net inter-segment interest income/expense. The comparative figures have been restated accordingly.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

4. Segment analysis (continued)

	Six months ended June 30, 2022				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	4,092,876	2,241,220	3,382,083	255,566	9,971,745
External interest expense	(2,115,306)	(2,292,715)	(1,150,112)	(66,476)	(5,624,609)
Net inter-segment interest income/ (expense)	344,106	1,625,245	(1,552,872)	(416,479)	-
Net interest income	2,321,676	1,573,750	679,099	(227,389)	4,347,136
Fee and commission income	237,964	33,066	121,405	2,273	394,708
Fee and commission expense	(9,950)	(29,454)	(15,779)	(2,008)	(57,191)
Net fee and commission income	228,014	3,612	105,626	265	337,517
Net gains arising from financial investments	-	-	396,793	-	396,793
Other income, gains or losses	(8,330)	(3,013)	71,341	70,660	130,658
Operating income	2,541,360	1,574,349	1,252,859	(156,464)	5,212,104
Operating expenses	(457,085)	(400,864)	(377,228)	(103,699)	(1,338,876)
Impairment losses on assets	(1,730,244)	(397,934)	(548,417)	(74,963)	(2,751,558)
Share of profits of associates	-	-	-	5,575	5,575
Profit before taxation	354,031	775,551	327,214	(329,551)	1,127,245
Income tax expense					(88,421)
Net profit for the period					1,038,824
Depreciation and amortisation	100,100	54,813	82,715	8,858	246,486
Purchase of non-current assets	88,065	48,223	72,771	5,499	214,558
Segment assets	180,024,137	85,815,491	196,716,735	11,738,752	474,295,115
Deferred tax assets					4,151,094
Total assets					478,446,209
Segment liabilities/Total liabilities	(161,481,629)	(139,405,003)	(76,970,621)	(64,654,987)	(442,512,240)
Credit commitments	78,927,897	21,058,789	-	-	99,986,686

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

4. Segment analysis (continued)

	Six months ended June 30, 2021				Total
	Corporate banking	Retail banking	Financial market business	Unallocated	
External interest income	3,626,378	1,805,948	3,579,545	231,298	9,243,169
External interest expense	(1,881,337)	(2,028,514)	(1,264,381)	(66,918)	(5,241,150)
Net inter-segment interest income/ (expense)	491,757	1,389,116	(1,751,380)	(129,493)	-
Net interest income	2,236,798	1,166,550	563,784	34,887	4,002,019
Fee and commission income	192,752	68,400	93,631	1,252	356,035
Fee and commission expense	(6,858)	(25,794)	(12,700)	(2,166)	(47,518)
Net fee and commission income	185,894	42,606	80,931	(914)	308,517
Net gains arising from financial investments	-	-	546,346	(4,747)	541,599
Other income, gains or losses	(7,352)	(562)	(5,685)	90,122	76,523
Operating income	2,415,340	1,208,594	1,185,376	119,348	4,928,658
Operating expenses	(418,230)	(315,722)	(353,828)	(104,109)	(1,191,889)
Impairment losses on assets	(1,172,013)	(183,233)	(1,246,057)	148,270	(2,453,033)
Share of profits of associates	-	-	-	4,549	4,549
Profit before taxation	825,097	709,639	(414,509)	168,058	1,288,285
Income tax expense					(159,575)
Net profit for the period					1,128,710
Depreciation and amortisation	82,704	41,187	81,636	11,318	216,845
Purchase of non-current assets	119,068	59,296	117,530	7,594	303,488
Segment assets	156,777,271	70,224,831	204,277,071	12,335,027	443,614,200
Deferred tax assets					3,499,689
Total assets					447,113,889
Segment liabilities/Total liabilities	(148,411,738)	(120,295,186)	(85,350,730)	(58,472,087)	(412,529,741)
Credit commitments	65,819,116	15,339,447	-	-	81,158,563

Geographical information

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

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

4. Segment analysis (continued)

Information about major customers

During the six-month ended June 30, 2022 and 2021, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.

5. Net interest income

	Six months ended June 30,	
	2022	2021
Interest income:		
Balances with the central bank	220,502	248,968
Deposits with banks and other financial institutions	7,383	37,580
Placements with banks and other financial institutions	20	2,955
Financial assets held under resale agreements	248,636	250,488
Loans and advances to customers		
– Corporate loans and advances	4,138,459	3,764,946
– Retail loans and advances	2,440,817	1,877,717
– Discounted bills	301,013	300,069
Financial investments	2,614,915	2,760,446
Subtotal	9,971,745	9,243,169
Interest expense:		
Borrowings from the central bank	(239,567)	(197,221)
Deposits from banks and other financial institutions	(147,786)	(165,372)
Placements from banks and other financial institutions	(65,719)	(87,703)
Financial assets sold under repurchase agreements	(159,970)	(162,520)
Customer deposits	(4,564,875)	(4,052,787)
Debt securities issued	(437,827)	(566,724)
Lease liabilities	(8,865)	(8,823)
Subtotal	(5,624,609)	(5,241,150)
Net interest income	4,347,136	4,002,019

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

6. Net fee and commission income

	Six months ended June 30,	
	2022	2021
Fee and commission income		
Wealth management fees	104,977	82,622
Credit commitments and financial guarantees fees	99,893	74,271
Settlement and clearing fees	95,873	42,579
Agency service fees	58,495	85,487
Bank card fees	32,023	67,115
Transaction and consultancy fees	3,447	3,961
Subtotal	394,708	356,035
Fee and commission expense		
Transaction fees	(29,055)	(23,725)
Settlement fees	(21,575)	(16,127)
Others	(6,561)	(7,666)
Subtotal	(57,191)	(47,518)
Net fee and commission income	337,517	308,517

7. Net gains arising from financial investments

	Six months ended June 30,	
	2022	2021
Net gains on financial investments at fair value through profit or loss (“FVTPL”)	372,395	525,631
Net gains on financial investments at fair value through other comprehensive income (“FVOCI”)	24,413	14,463
Others	(15)	1,505
Total	396,793	541,599

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

8. Other income, gains or losses

	NOTE	Six months ended June 30,	
		2022	2021
Exchange gains/(losses)		71,341	(5,685)
Government subsidies	(a)	48,413	65,789
Reversal of business tax payable		17,003	–
Rental income		13,963	11,968
(Losses)/gains on disposal of property and equipment		(3,488)	6,930
Losses on disposal of repossessed assets		(2,364)	(1,593)
Donation		(2,632)	(4,969)
Others		(11,578)	4,083
Total		130,658	76,523

(a) Government subsidies mainly represent job stabilization subsidies, bonus for the Group's contribution to the local economic development and tax refund.

9. Operating expenses

	Six months ended June 30,	
	2022	2021
Staff costs		
– Salaries, bonuses and allowances	578,892	514,724
– Social insurance and supplementary retirement benefits	60,481	50,294
– Housing fund	34,821	28,656
– Staff welfares	30,021	27,232
– Employee education expenses and labour union expenses	12,176	13,589
Subtotal	716,391	634,495
General and administrative expenses	305,989	271,329
Depreciation and amortisation (excluding investment properties)	203,264	174,756
Tax and surcharges	60,642	59,587
Depreciation – right-of-use assets	43,222	40,057
Rental and property management expenses	9,368	11,665
Total	1,338,876	1,191,889

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

10. Impairment losses on assets

	Six months ended June 30,	
	2022	2021
Loans and advances to customers at amortised cost	2,197,168	1,301,298
Loans and advances to customers at FVOCI	3,006	(69,287)
Financial investment measured at amortised cost	548,279	1,156,224
Financial investment measured at FVOCI	1,547	(1,621)
Others	1,558	66,419
Total	2,751,558	2,453,033

11. Income tax expense

	NOTE	Six months ended June 30,	
		2022	2021
Current income tax		365,453	556,686
Tax filing differences		42,331	33,212
Deferred tax	22	(319,363)	(430,323)
Total		88,421	159,575

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

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

12. Other comprehensive income

	Period ended June 30, 2022		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	79,751	(19,938)	59,813
– FVOCI: net movement in impairment losses	4,553	(1,138)	3,415
Total	84,304	(21,076)	63,228

	Period ended June 30, 2021		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	170,151	(42,538)	127,613
– FVOCI: net movement in impairment losses	(70,908)	17,727	(53,181)
Total	99,243	(24,811)	74,432

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

13. Earnings per share

The calculation of basic earnings per share is as follows:

	Six months ended June 30,	
	2022	2021
Earnings for the purpose of basic earnings per share:		
Net profit for the period attributable to equity shareholders of the Bank	1,023,678	1,087,088
Numbers of shares:		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,407,367	2,407,367
Basic and diluted earnings per share (in RMB)	0.43	0.45

No diluted earnings per share for the six months ended June 30, 2022 and 2021 were presented as there were no dilutive potential ordinary shares outstanding during the respective periods.

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

14. Cash and balances with the central bank

	NOTE	June 30, 2022	December 31, 2021
Cash		380,291	500,101
Statutory deposit reserves	(a)	28,343,729	26,946,244
Surplus deposit reserves	(b)	3,647,974	7,875,056
Other deposits	(c)	335,042	339,103
Subtotal		32,707,036	35,660,504
Accrued interest		13,164	12,481
Total		32,720,200	35,672,985

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

As at June 30, 2022 and December 31, 2021, statutory deposit reserves with the PBOC were calculated at 7.75% and 8.00% of eligible RMB deposits for the Bank respectively, and both at 5.00% for subsidiaries; and foreign currency deposit reserves with the PBOC were calculated at 8.00% and 9.00% for the Bank respectively, and both at 5.00% for subsidiaries. The foreign currency deposit reserves placed with the PBOC are non-interest bearing.

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

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

15. Deposits with banks and other financial institutions

	June 30, 2022	December 31, 2021
Deposits with:		
Banks and other financial institutions in mainland China	1,420,424	2,113,970
Banks outside mainland China	600,759	576,358
Gross balance	2,021,183	2,690,328
Accrued interest	3,309	5,951
Less: Allowances for impairment losses	(953)	(795)
Total	2,023,539	2,695,484

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

16. Financial assets held under resale agreements

(a) Analysed by counterparties

	June 30, 2022	December 31, 2021
Banks in mainland China	2,591,553	10,732,679
Other financial institutions in mainland China	8,851,368	8,653,032
Gross balance	11,442,921	19,385,711
Accrued interest	983	4,267
Less: Allowances for impairment losses	(3,579)	(5,171)
Total	11,440,325	19,384,807

(b) Analysed by type of collateral

	June 30, 2022	December 31, 2021
Bonds	10,054,898	17,925,370
Bills	1,388,023	1,460,341
Gross balance	11,442,921	19,385,711
Accrued interest	983	4,267
Less: Allowances for impairment losses	(3,579)	(5,171)
Total	11,440,325	19,384,807

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers

(a) Analysed by nature

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

	NOTE	June 30, 2022	December 31, 2021
Corporate loans and advances			
– loans		143,255,364	138,099,827
Retail loans and advances			
– residential mortgage loans		34,504,910	33,939,204
– personal loans for business purposes		33,617,342	28,646,848
– personal loans for consumption		17,940,090	18,386,532
– credit card		6,235,879	5,616,813
Subtotal		92,298,221	86,589,397
Gross loans and advances to customers at amortised cost		235,553,585	224,689,224
Accrued interest		867,403	755,323
Allowances for impairment losses			
– 12-month ECL		(2,784,730)	(2,881,267)
– lifetime ECL not credit-impaired		(1,445,819)	(1,074,085)
– lifetime ECL credit-impaired		(3,924,016)	(3,576,059)
Subtotal		(8,154,565)	(7,531,411)
Loans and advances to customers at amortised cost, net		228,266,423	217,913,136
Loans and advances to customers at FVOCI			
– discounted bills and forfeiting	(i)	40,119,008	25,025,248
Net loans and advances to customers		268,385,431	242,938,384

- (i) As at June 30, 2022 and December 31, 2021, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB15.51 million and RMB12.50 million respectively, as detailed in Note 17(g)(ii).



Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

(b) Analysed by industry sector

	June 30, 2022		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	28,970,954	10.51%	22,058,188
Manufacturing	25,723,115	9.33%	3,459,314
Wholesale and retail	24,028,596	8.72%	5,941,746
Construction	21,098,564	7.65%	6,362,934
Leasing and commercial services	16,877,341	6.12%	3,940,942
Water conservancy, environment and public utility management	12,709,920	4.61%	2,442,768
Education	4,930,678	1.79%	507,280
Health and social work	4,725,815	1.71%	146,086
Agriculture, forestry, animal husbandry and fishery	4,240,294	1.54%	359,174
Finance	4,038,178	1.46%	34,098
Others	9,515,157	3.46%	2,433,597
Subtotal of corporate loans and advances	156,858,612	56.90%	47,686,127
Retail loans and advances	92,298,221	33.48%	55,994,922
Discounted bills	26,515,760	9.62%	–
Gross loans and advances to customers	275,672,593	100.00%	103,681,049

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

(b) Analysed by industry sector (continued)

	December 31, 2021		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	30,832,854	12.35%	23,806,251
Manufacturing	21,416,714	8.58%	2,898,769
Construction	20,815,351	8.34%	6,044,666
Wholesale and retail	20,226,275	8.10%	5,753,657
Leasing and commercial services	16,199,594	6.49%	3,737,884
Water conservancy, environment and public utility management	13,262,759	5.31%	2,312,918
Health and social work	4,571,797	1.83%	110,679
Education	4,525,997	1.81%	271,400
Finance	4,409,878	1.77%	34,555
Agriculture, forestry, animal husbandry and fishery	3,842,937	1.54%	339,990
Production and supply of electricity, gas and water	3,245,141	1.30%	142,900
Others	6,332,824	2.52%	2,245,329
Subtotal of corporate loans and advances	149,682,121	59.94%	47,698,998
Retail loans and advances	86,589,397	34.68%	52,839,822
Discounted bills	13,442,954	5.38%	–
Gross loans and advances to customers	249,714,472	100.00%	100,538,820



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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

(c) Analysed by type of collateral

	June 30, 2022	December 31, 2021
Collateralized loans	103,681,049	100,538,820
Guaranteed loans	68,398,252	58,398,029
Pledged loans	57,284,467	42,396,470
Unsecured loans	46,308,825	48,381,153
Gross loans and advances to customers	275,672,593	249,714,472
Accrued interest	867,403	755,323
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(8,154,565)	(7,531,411)
Net loans and advances to customers	268,385,431	242,938,384

(d) Overdue loans analysed by overdue period

	June 30, 2022				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralized loans	1,180,883	814,244	540,515	93,503	2,629,145
Pledged loans	534,903	587,651	170,232	5,980	1,298,766
Unsecured loans	550,509	236,604	73,311	71,744	932,168
Guaranteed loans	103,431	134,791	251,870	53,508	543,600
Total	2,369,726	1,773,290	1,035,928	224,735	5,403,679
As a percentage of gross loans and advances to customers	0.86%	0.64%	0.38%	0.08%	1.96%

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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

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

	December 31, 2021				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Pledged loans	1,151,350	69,386	955,980	–	2,176,716
Collateralized loans	470,545	430,192	312,246	57,763	1,270,746
Unsecured loans	260,587	336,054	91,431	120,321	808,393
Guaranteed loans	82,175	55,691	288,476	52,008	478,350
Total	1,964,657	891,323	1,648,133	230,092	4,734,205
As a percentage of gross loans and advances to customers	0.79%	0.36%	0.66%	0.09%	1.90%

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



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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

(e) Analysed by geographical area

	June 30, 2022	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	139,914,189	50.75%
Jiujiang City	85,843,170	31.14%
Guangdong Province	25,711,864	9.33%
Anhui Province	15,325,588	5.56%
Others	8,877,782	3.22%
Gross loans and advances to customers	275,672,593	100.00%

	December 31, 2021	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	128,359,795	51.40%
Jiujiang City	74,857,578	29.98%
Guangdong Province	24,234,360	9.70%
Anhui Province	13,921,997	5.58%
Others	8,340,742	3.34%
Gross loans and advances to customers	249,714,472	100.00%

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

(f) Loans and advances and allowances for impairment losses

	As at June 30, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Total loans and advances to customers measured at amortised cost	219,678,050	8,804,073	7,071,462	235,553,585
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,784,730)	(1,445,819)	(3,924,016)	(8,154,565)
Carrying amount of loans and advances to customers measured at amortised cost (excluding accrued interest)	216,893,320	7,358,254	3,147,446	227,399,020
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	40,119,008	–	–	40,119,008
Total carrying amount of loans and advances to customers (excluding accrued interest)	257,012,328	7,358,254	3,147,446	267,518,028



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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

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

	As at December 31, 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Total loans and advances to customers measured at amortised cost	211,737,153	6,412,560	6,539,511	224,689,224
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,881,267)	(1,074,085)	(3,576,059)	(7,531,411)
Carrying amount of loans and advances to customers measured at amortised cost (excluding accrued interest)	208,855,886	5,338,475	2,963,452	217,157,813
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	25,025,248	–	–	25,025,248
Total carrying amount of loans and advances to customers (excluding accrued interest)	233,881,134	5,338,475	2,963,452	242,183,061

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17. Loans and advances to customers (continued)

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

(i) Loans and advances to customers at amortised cost

	Six months ended June 30, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2022	2,881,267	1,074,085	3,576,059	7,531,411
Transferred:				
– to 12-month ECL	46,076	(42,876)	(3,200)	–
– to lifetime ECL not credit-impaired	(69,384)	70,472	(1,088)	–
– to lifetime ECL credit-impaired	(10,253)	(388,498)	398,751	–
(Released)/charged for the period	(62,976)	732,636	1,527,508	2,197,168
Write-offs	–	–	(1,658,864)	(1,658,864)
Recoveries	–	–	84,850	84,850
As at June 30, 2022	2,784,730	1,445,819	3,924,016	8,154,565

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	2,939,858	341,446	1,940,454	5,221,758
Transferred:				
– to 12-month ECL	13,650	(11,908)	(1,742)	–
– to lifetime ECL not credit-impaired	(34,637)	37,478	(2,841)	–
– to lifetime ECL credit-impaired	(62,560)	(151,297)	213,857	–
Charged for the year	24,956	858,366	2,574,736	3,458,058
Write-offs	–	–	(1,309,310)	(1,309,310)
Recoveries	–	–	160,905	160,905
As at December 31, 2021	2,881,267	1,074,085	3,576,059	7,531,411

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(Expressed in thousands of Renminbi, unless otherwise stated)

17. Loans and advances to customers (continued)

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

(ii) Loans and advances to customers at FVOCI

	Six months ended June 30, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2022	12,500	–	–	12,500
Charged for the period	3,006	–	–	3,006
As at June 30, 2022	15,506	–	–	15,506

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	197,458	–	–	197,458
Released for the year	(184,958)	–	–	(184,958)
As at December 31, 2021	12,500	–	–	12,500

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

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18. Financial investments

	NOTE	June 30, 2022	December 31, 2021
Financial investments measured at FVTPL	(a)	21,982,967	21,829,216
Financial investments measured at FVOCI	(b)	39,510,179	34,458,144
Financial investments measured at amortised cost	(c)	88,514,786	90,987,977
Total		150,007,932	147,275,337

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

	June 30, 2022	December 31, 2021
Debt securities issued by:		
Corporations	474,163	337,402
Commercial banks	51,890	–
Asset backed medium-term notes	–	238,796
Subtotal	526,053	576,198
Equity investments	984,826	257,556
Funds and other investments:		
Fund Investments	11,824,075	11,681,858
Trust beneficiary rights and asset management plans	3,884,930	4,385,091
Others	4,763,083	4,928,513
Subtotal	20,472,088	20,995,462
Total	21,982,967	21,829,216
Listed	18,950	20,064
Unlisted	21,964,017	21,809,152
Total	21,982,967	21,829,216

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(Expressed in thousands of Renminbi, unless otherwise stated)

18. Financial investments (continued)

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

	June 30, 2022	December 31, 2021
Debt securities issued by:		
Government	19,755,967	15,297,100
Policy banks	9,074,506	10,344,262
Commercial banks	7,738,379	5,594,996
Corporations	2,527,795	2,639,250
Subtotal	39,096,647	33,875,608
Accrued interest	413,532	582,536
Total	39,510,179	34,458,144
Listed	26,267,941	17,362,179
Unlisted	13,242,238	17,095,965
Total	39,510,179	34,458,144

	As at June 30, 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at June 30, 2022	39,198,970	311,209	–	39,510,179

	As at December 31, 2021			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at December 31, 2021	34,458,144	–	–	34,458,144

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(Expressed in thousands of Renminbi, unless otherwise stated)

18. Financial investments (continued)

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

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

	Six months ended June 30, 2022			Total
	12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at January 1, 2022	7,362	–	–	7,362
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit- impaired	(68)	68	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Charged for the period	1,514	33	–	1,547
As at June 30, 2022	8,808	101	–	8,909

	Year ended December 31, 2021			Total
	12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at January 1, 2021	8,388	–	–	8,388
Released for the year	(1,026)	–	–	(1,026)
As at December 31, 2021	7,362	–	–	7,362

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

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(Expressed in thousands of Renminbi, unless otherwise stated)

18. Financial investments (continued)

(c) Financial investments measured at amortised cost

	June 30, 2022	December 31, 2021
Debt securities issued by:		
Government	34,426,514	30,447,984
Policy banks	18,198,888	20,088,758
Corporations	11,717,268	13,283,929
Non-public project bonds	2,419,279	2,435,745
Subtotal	66,761,949	66,256,416
Trust beneficiary rights and asset management plans	24,597,251	27,136,157
Accrued interest	1,415,390	1,533,407
Less: Allowances for impairment losses	(4,259,804)	(3,938,003)
Total	88,514,786	90,987,977
Listed	37,091,390	33,471,130
Unlisted	51,423,396	57,516,847
Total	88,514,786	90,987,977

	As at June 30, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	81,768,885	4,498,651	6,507,054	92,774,590
Less: Allowances for impairment losses	(216,065)	(775,438)	(3,268,301)	(4,259,804)
As at June 30, 2022	81,552,820	3,723,213	3,238,753	88,514,786

	As at December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	84,846,991	3,333,443	6,745,546	94,925,980
Less: Allowances for impairment losses	(275,645)	(433,418)	(3,228,940)	(3,938,003)
As at December 31, 2021	84,571,346	2,900,025	3,516,606	90,987,977

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(Expressed in thousands of Renminbi, unless otherwise stated)

18. Financial investments (continued)

(c) Financial investments measured at amortised cost (continued)

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

	Six months ended June 30, 2022			
	12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2022	275,645	433,418	3,228,940	3,938,003
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit- impaired	(15,504)	15,504	–	–
– to lifetime ECL credit- impaired	–	(17,504)	17,504	–
(Released)/charged for the period	(43,975)	344,020	248,234	548,279
Transferred out	(101)	–	–	(101)
Write-offs	–	–	(270,000)	(270,000)
Recoveries	–	–	43,623	43,623
As at June 30, 2022	216,065	775,438	3,268,301	4,259,804

	Year ended December 31, 2021			
	12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	468,200	772,562	2,032,913	3,273,675
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit- impaired	(12,685)	12,685	–	–
– to lifetime ECL credit- impaired	(681)	(184,254)	184,935	–
(Released)/charged for the year	(179,189)	(167,575)	2,168,672	1,821,908
Write-offs	–	–	(1,232,740)	(1,232,740)
Recoveries	–	–	75,160	75,160
As at December 31, 2021	275,645	433,418	3,228,940	3,938,003

Notes to the Unaudited Consolidated Financial Statements

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19. Interest in associates

	June 30, 2022	December 31, 2021
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	48,580	46,130
Total	131,620	129,170

Details of the Bank's associates as at June 30, 2022 and December 31, 2021 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2022 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activity
				June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	
				%	%	%	%	
Zhongshan Xiaolan County Bank Co., Ltd. (note 1)	Guangdong, PRC	December 2008	250,000	25.00%	25.00%	25.00%	25.00%	Commercial bank
Guixi Jiuyin County Bank Co., Ltd. (note 2)	Jiangxi, PRC	December 2011	99,500	20.64%	20.64%	25.62%	25.62%	Commercial bank

Note 1: The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.

Note 2: The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for using equity method as the Group continued to have significant influence over it after the deemed disposal.

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20. Property and equipment

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
COST							
As at January 1, 2021	2,579,429	375,123	18,825	177,200	454,391	789,076	4,394,044
Additions	210,521	52,202	2,579	8,826	57,115	247,968	579,211
Transfers from/(out of) construction in progress	59,711	11,476	-	1,344	37,324	(299,873)	(190,018)
Disposals	(179,973)	(6,641)	(5,163)	(5,680)	(195,147)	-	(392,604)
As at December 31, 2021	2,669,688	432,160	16,241	181,690	353,683	737,171	4,390,633
Additions	4,194	7,004	111	5,879	37,109	114,694	168,991
Transfers from/(out of) construction in progress	58,311	7,959	-	-	14,916	(176,531)	(95,345)
Disposals	(48,470)	(5,319)	(542)	(2,090)	(83,119)	-	(139,540)
As at June 30, 2022	2,683,723	441,804	15,810	185,479	322,589	675,334	4,324,739
ACCUMULATED DEPRECIATION							
As at January 1, 2021	(611,839)	(298,795)	(15,085)	(118,974)	(344,487)	-	(1,389,180)
Additions	(117,767)	(56,162)	(1,678)	(22,501)	(57,116)	-	(255,224)
Disposals	5,824	6,100	5,077	4,165	185,639	-	206,805
As at December 31, 2021	(723,782)	(348,857)	(11,686)	(137,310)	(215,964)	-	(1,437,599)
Additions	(65,059)	(26,289)	(745)	(9,874)	(31,083)	-	(133,050)
Disposals	32,356	5,004	421	1,875	63,964	-	103,620
As at June 30, 2022	(756,485)	(370,142)	(12,010)	(145,309)	(183,083)	-	(1,467,029)
NET BOOK VALUE							
As at December 31, 2021	1,945,906	83,303	4,555	44,380	137,719	737,171	2,953,034
As at June 30, 2022	1,927,238	71,662	3,800	40,170	139,506	675,334	2,857,710

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(Expressed in thousands of Renminbi, unless otherwise stated)

20. Property and equipment (continued)

The net book value of premises of the Group with incomplete title deeds as at June 30, 2022 and December 31, 2021 amounted RMB43.17 million and RMB75.71 million, respectively. The Group are still in the process of applying for the outstanding title deeds of these premises. The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at June 30, 2022, there are no leasehold land and premises of the Group rented out to third parties as investment properties (December 31, 2021: RMB14.40 million).

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

	June 30, 2022	December 31, 2021
Held in mainland China 10 – 50 years	–	14,401

Notes to the Unaudited Consolidated Financial Statements

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21. Right-of-use assets

The Group as a lessee

COST

As at January 1, 2021	640,740
Additions	107,344
Disposals	(82,395)
As at December 31, 2021	665,689
Additions	44,305
Disposals	(40,512)
As at June 30, 2022	669,482

ACCUMULATED DEPRECIATION

As at January 1, 2021	(326,748)
Additions	(84,261)
Disposals	65,389
As at December 31, 2021	(345,620)
Additions	(43,222)
Disposals	39,822
As at June 30, 2022	(349,020)

NET BOOK VALUE

As at December 31, 2021	320,069
As at June 30, 2022	320,462

The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 12 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at June 30, 2022 and December 31, 2021, the Group did not enter into any leases that have not yet commenced.



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22. Deferred tax assets

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

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
January 1, 2022	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807
Recognised in profit or loss	254,232	10,990	–	12,634	41,507	319,363
Recognised in other comprehensive income	(1,138)	–	(19,938)	–	–	(21,076)
June 30, 2022	4,030,943	79,679	(75,525)	8,904	107,093	4,151,094

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
January 1, 2021	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177
Recognised in profit or loss	807,037	13,135	–	44,501	(27,421)	837,252
Recognised in other comprehensive income	46,496	–	(125,118)	–	–	(78,622)
December 31, 2021	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807

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23. Other assets

	NOTE	June 30, 2022	December 31, 2021
Repossessed assets	(a)	2,611,338	2,607,576
Land use rights		1,936,454	1,946,119
Settlement and clearing accounts		1,013,871	998,072
Prepayments for projects		788,436	709,477
Intangible assets		212,632	234,192
Research and development expenditure		64,200	384
Deferred expenses		14,038	16,801
Others		472,673	515,305
Gross balance		7,113,642	7,027,926
Less: Allowances for impairment losses		(705,746)	(747,020)
Net balance		6,407,896	6,280,906

(a) Repossessed assets

	June 30, 2022	December 31, 2021
Land use rights and buildings	2,610,836	2,607,074
Others	502	502
Gross repossessed assets	2,611,338	2,607,576
Less: Allowances for impairment losses	(536,067)	(545,403)
Net repossessed assets	2,075,271	2,062,173

24. Borrowings from the central bank

	June 30, 2022	December 31, 2021
Borrowings from the central bank	19,462,573	25,326,152
Accrued interest	56,474	39,086
Total	19,519,047	25,365,238

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



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25. Deposits from banks and other financial institutions

	June 30, 2022	December 31, 2021
Banks in mainland China	4,579,374	3,151,359
Other financial institutions in mainland China	8,083,568	10,292,874
Subtotal	12,662,942	13,444,233
Accrued interest	93,297	96,008
Total	12,756,239	13,540,241

26. Placements from banks and other financial institutions

	June 30, 2022	December 31, 2021
Banks in mainland China	4,336,912	3,991,271
Banks outside mainland China	724,831	1,415,405
Subtotal	5,061,743	5,406,676
Accrued interest	10,821	9,344
Total	5,072,564	5,416,020

27. Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparty

	June 30, 2022	December 31, 2021
Banks in mainland China	11,171,900	989,000
Accrued interest	710	154
Total	11,172,610	989,154

(b) Analysed by type of collateral

	June 30, 2022	December 31, 2021
Bonds	11,171,900	989,000
Accrued interest	710	154
Total	11,172,610	989,154

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28. Customer deposits

	NOTE	June 30, 2022	December 31, 2021
Demand deposits			
Corporate customers		113,332,709	112,743,890
Individual customers		22,363,283	20,917,555
Subtotal		135,695,992	133,661,445
Time deposits			
Corporate customers		51,795,355	50,738,641
Individual customers		122,743,769	108,297,806
Subtotal		174,539,124	159,036,447
Pledged deposits	(a)	41,771,913	43,016,599
Convertible negotiated deposit	(b)	2,000,000	2,000,000
Others		348,903	476,827
Accrued interest		7,733,574	6,659,804
Total		362,089,506	344,851,122

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

	June 30, 2022	December 31, 2021
Bank acceptances	30,188,407	31,205,160
Letters of credit	5,650,108	4,531,711
Letters of guarantees	1,596,735	3,319,028
Others	4,336,663	3,960,700
Total	41,771,913	43,016,599

(b) Convertible negotiated deposit

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

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

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29. Debt securities issued

	NOTE	June 30, 2022	December 31, 2021
Tier-two capital bonds	(a)	3,000,000	3,000,000
Interbank negotiable certificates of deposit	(b)	24,793,711	28,335,183
Subtotal		27,793,711	31,335,183
Accrued interest		121,288	111,613
Total		27,914,999	31,446,796

- (a) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1,500 million 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.
- (b) As at June 30, 2022, the Bank had 134 outstanding interbank negotiable certificates of deposit with total notional amount of RMB25,030 million. As at December 31, 2021, the Bank had 291 outstanding interbank negotiable certificates of deposit with total notional amount of RMB28,650 million. 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.

30. Lease liabilities

	June 30, 2022	December 31, 2021
Lease liabilities payable:		
Within one year	92,586	86,711
Within a period of more than one year but not more than two years	78,105	73,602
Within a period of more than two years but not more than five years	150,155	141,377
Within a period of more than five years	33,644	63,908
Total	354,490	365,598

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31. Other liabilities

	NOTE	June 30, 2022	December 31, 2021
Salaries payable	(a)	1,145,230	1,325,677
Settlement and clearing accounts		491,612	768,809
Other tax payables		272,618	375,774
Dividend payable		247,325	5,906
Payables to external companies		219,429	132,014
Others		358,777	223,917
Total		2,734,991	2,832,097

(a) Salaries payable

	June 30, 2022	December 31, 2021
Salaries, bonuses and allowances	714,613	917,006
Defined Contribution Plans	321,404	295,741
Early retirement benefits	16,085	20,410
Retiring benefit and annuity plan	86,245	82,913
Social insurance	4,439	3,773
Labor union fees and staff education expenses	1,019	4,489
Housing funds	1,425	827
Staff welfare	–	518
Total	1,145,230	1,325,677

32. Share capital

Share capital of the Group as at June 30, 2022 and December 31, 2021 represented share capital of the Bank, which was fully paid.

	June 30, 2022	December 31, 2021
Ordinary shares in Mainland China	2,000,000	2,000,000
Ordinary shares listed in Hong Kong (H-share)	407,367	407,367
Total	2,407,367	2,407,367

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33. Other equity instruments

(a) Table of Perpetual Bonds

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

(b) Main terms

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

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

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33. Other equity instruments (continued)

(b) Main terms (continued)

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

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

(c) Changes of Perpetual Bonds

	Balance as of January 1, 2022		Increase in this period		Decrease in this period		Balance as of June 30, 2022	
	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)
Perpetual Bonds	70.00	6,997.84	-	-	-	-	70.00	6,997.84

Notes to the Unaudited Consolidated Financial Statements

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34. Reserves

	NOTE	June 30, 2022	December 31, 2021
Share premium		8,152,338	8,152,338
Investment revaluation reserve	(a)	219,607	156,376
Surplus reserve	(b)	4,140,487	4,140,487
General reserve	(c)	5,195,459	5,195,459
Retained earnings		8,081,011	7,634,070
Total		25,788,902	25,278,730

(a) Investment revaluation reserve

	June 30, 2022	December 31, 2021
As at January 1	156,376	(79,194)
Changes in fair value recognized in other comprehensive income	104,198	543,534
Transfer to profit or loss upon disposal	(24,413)	(43,467)
Changes in impairment losses recognized in other comprehensive income	4,522	(185,974)
Deferred income tax	(21,076)	(78,523)
At the end of the reporting period	219,607	156,376

(b) Surplus reserve

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

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

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2021	1,777,390	2,031,434	3,808,824
Appropriation during the year	166,353	165,310	331,663
As at December 31, 2021	1,943,743	2,196,744	4,140,487
Appropriation during the period	–	–	–
As at June 30, 2022	1,943,743	2,196,744	4,140,487

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

34. Reserves (continued)

(c) General reserve

Pursuant to the “Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)” issued by the Ministry of Finance (“MOF”), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis.

35. Profit distribution

In accordance with the resolution at the Bank’s Annual General Meeting on June 29, 2022, the shareholders approved the following profit appropriations for the year ended December 31, 2021:

Declaration of cash dividend of RMB1.00 per 10 shares before tax and in an aggregation amount of RMB240.74 million to all existing shareholders of record on December 31, 2021.

On 28 January 2022, according to the issuance principal of RMB3.00 billion and the initial annual interest rate of 4.80% before the first interest rate reset date determined by the terms of the first tranche perpetual bonds, the interest on perpetual bonds issued by the Bank was RMB144.00 million.

On 12 April 2022, according to the issuance principal of RMB4.00 billion and the initial annual interest rate of 4.80% before the first interest rate reset date determined by the terms of the second tranche perpetual bonds, the interest on perpetual bonds issued by the Bank was RMB192.00 million.



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36. Cash and cash equivalents

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

	June 30, 2022	December 31, 2021
Cash	380,291	500,101
Balances with the central bank	3,647,974	7,875,056
Deposits with banks and other financial institutions	1,722,229	2,181,543
Financial assets held under resale agreements	11,147,501	19,385,711
Financial investments measured at FVTPL	1,521,557	1,507,896
Total	18,419,552	31,450,307

(a) Net (decrease)/increase in cash and cash equivalents

	Six months ended June 30,	
	2022	2021
Cash and cash equivalents as at 30 June	18,419,552	24,701,584
Less: Cash and cash equivalents as at 1 January	(31,450,307)	(19,832,497)
Less: Effect of foreign exchange rate changes	(3,241)	(62,402)
Net (decrease)/increase in cash and cash equivalents as at 30 June	(13,033,996)	4,806,685

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37. Reconciliation of liabilities arising from financing activities

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

	As at January 1, 2022	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at June 30, 2022
Bonds	3,111,613	(75,001)	84,676	–	3,121,288
Interbank negotiable certificates of deposit	28,335,183	(3,894,623)	353,151	–	24,793,711
Dividends payable	5,906	(339,889)	581,308	–	247,325
Lease liabilities	365,598	(67,003)	8,865	47,030	354,490
Total	31,818,300	(4,376,516)	1,028,000	47,030	28,516,814

	As at January 1, 2021	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at December 31, 2021
Bonds	7,146,423	(4,345,135)	310,325	–	3,111,613
Interbank negotiable certificates of deposit	19,487,717	7,985,580	861,886	–	28,335,183
Dividends payable	5,256	(245,730)	246,380	–	5,906
Lease liabilities	353,502	(113,818)	18,570	107,344	365,598
Total	26,992,898	3,280,897	1,437,161	107,344	31,818,300

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38. Structured entities

(a) Unconsolidated structured entities

(i) 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 fund investments, trust beneficiary rights and asset management plans.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2022 and December 31, 2021 in the structured entities sponsored and managed by third party institutions.

	June 30, 2022				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	Maximum risk exposure (Note)
Fund investments	11,824,075	–	–	11,824,075	11,824,075
Trust beneficiary rights and asset management plans	3,884,930	–	20,825,028	24,709,958	24,709,958
Total	15,709,005	–	20,825,028	36,534,033	36,534,033

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38. Structured entities (continued)

(a) Unconsolidated structured entities (continued)

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

	As at December 31, 2021					Maximum risk exposure (Note)
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total		
Fund investments	11,681,858	-	-	11,681,858	11,681,858	
Trust beneficiary rights and asset management plans	4,385,091	-	23,706,442	28,091,533	28,091,533	
Asset backed medium-term notes	238,796	-	-	238,796	238,796	
Total	16,305,745	-	23,706,442	40,012,187	40,012,187	

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.

(ii) 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, 2022 and December 31, 2021, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Group amounting to RMB42,051 million and RMB42,619 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, 2022 and June 30, 2021 amounted to RMB105 million and RMB83 million, respectively.

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39. Related party transactions

(a) Major shareholders and entities under their control

Major shareholders are held directly or indirectly more than 5% interest of the Bank or have the right to appoint a director in the Bank:

Name of shareholders	Percentage of shares held	
	June 30, 2022	December 31, 2021
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Fangda Carbon New Material Co., Ltd.	5.65%	5.65%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (i)	3.98%	3.98%

(i) 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.

During the six months ended June 30, 2022 and the year ended December 31, 2021, 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.

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(Expressed in thousands of Renminbi, unless otherwise stated)

39. Related party transactions (continued)

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

	NOTE	June 30, 2022	December 31, 2021
Balances at end of the period/year:			
Assets			
Deposits with banks and other financial institutions		250,585	370,143
Loans and advances to customers at amortised cost		1,913,453	2,229,312
Financial investments at amortised cost	(i)	650,000	679,248
Financial investments at FVTPL		45,747	45,795
Total		2,859,785	3,324,498
Liabilities			
Customer deposits		25,017,992	13,328,019
Placements from banks and other financial institutions		724,831	1,415,405
Deposits from banks and other financial institutions		2,647	9,839
Total		25,745,470	14,753,263
Off-balance sheet items			
Letters of credit		1,585,000	1,045,000
Acceptances		1,185,713	485,789
Letters of guarantees		648,124	745,655
Total		3,418,837	2,276,444
Non-principal-guaranteed wealth management products	(ii)	658,955	910,000

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

(ii) It represented the non-principal-guaranteed wealth management products 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,	
	2022	2021
Transactions during the period:		
Interest income	47,810	32,083
Interest expense	205,724	54,211
Net gains arising from financial investments	1,722	1,722
Fee and commission income	9,742	1,829

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39. Related party transactions (continued)

(b) Subsidiaries of the Bank

	June 30, 2022	December 31, 2021
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	5,396,833	4,145,662
Transactions during the period:		
	Six months ended June 30, 2022	2021
Interest expense	99,237	94,345
Dividend from subsidiaries	4,552	5,057

(c) Associates of the Bank

	June 30, 2022	December 31, 2021
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	693,496	527,688
Transactions during the period:		
	Six months ended June 30, 2022	2021
Interest expense	14,703	13,380
Dividend from associates	3,125	–

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39. Related party transactions (continued)

(d) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

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

	June 30, 2022	December 31, 2021
Balances at the end of the period/year:		
Asset		
Loans and advances to customers at amortised cost	4,279	11,907
Liability		
Customer deposits	6,134	9,254
	Six months ended June 30,	
	2022	2021
Transactions during the period:		
Interest income	141	286
Interest expense	16	16

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

39. Related party transactions (continued)

(e) Key management personnel

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

The remuneration of key management personnel during the six months ended June 30, 2022 and 2021 are as follows:

	Six months ended June 30,	
	2022	2021
Salaries and other emoluments	2,987	2,999
Discretionary bonuses	1,697	1,715
Delayed payments	1,697	1,725
Contributions by the employer to social insurance and staff welfares, housing fund, etc	579	500
Other welfare	23	23
Total	6,983	6,962

40. Contingent liabilities and commitments

(a) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2022 and December 31, 2021, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision had been provided for any potential losses from these claims.

(b) Capital commitment

	June 30, 2022	December 31, 2021
Contracted but not provided for	251,068	135,086

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(Expressed in thousands of Renminbi, unless otherwise stated)

40. Contingent liabilities and commitments (continued)

(c) Credit commitments

	June 30, 2022	December 31, 2021
Acceptances	49,343,835	49,976,563
Unused credit card commitments	21,058,789	16,835,328
Letters of credit	15,887,900	13,351,825
Letters of guarantees	13,696,162	17,372,729
Total	99,986,686	97,536,445

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

(d) Collateral

Assets pledged

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

	June 30, 2022	December 31, 2021
Bonds	11,621,000	1,070,000

As at June 30, 2022 and December 31, 2021, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB11,172 million and RMB989 million respectively.

All repurchase agreements were due within twelve months from inception.

Notes to the Unaudited Consolidated Financial Statements

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41. Fiduciary activities

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

As at June 30, 2022 and December 31, 2021, the entrusted loans balance of the Group amounted to RMB9,998 million and RMB9,660 million respectively.

As at June 30, 2022 and December 31, 2021, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB42,051 million and RMB42,619 million respectively.

42. Capital management

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

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

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

42. Capital management (continued)

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

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

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

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

The Group has complied with the capital requirement set by the regulators. As at June 30 2022, the ratios of core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 8.00%, 10.69% and 12.73% (31 December 2021:8.28%, 11.08% and 13.21%).





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43. Financial risk management

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

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

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks for the six-month period ended June 30, 2022 are the same as those presented in the Group's consolidated financial statements for the year ended December 31, 2021.

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value

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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(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value (continued)

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

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	526,053	–	526,053
– Fund investments	–	11,824,075	–	11,824,075
– Equity investments	18,950	771,660	194,216	984,826
– Trust beneficiary rights and asset management plans	–	–	3,884,930	3,884,930
– Others	–	–	4,763,083	4,763,083
Financial investments measured at FVOCI				
– Debt securities	–	39,510,179	–	39,510,179
Loans and advances to customers measured at FVOCI	–	40,119,008	–	40,119,008
Total	18,950	92,750,975	8,842,229	101,612,154

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value (continued)

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

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Financial investments measured at FVTPL				
– Debt securities	–	576,198	–	576,198
– Fund investments	–	11,681,858	–	11,681,858
– Equity investments	20,064	–	237,492	257,556
– Trust beneficiary rights and asset management plans	–	–	4,385,091	4,385,091
– Others	–	–	4,928,513	4,928,513
Financial investments measured at FVOCI				
– Debt securities	–	34,458,144	–	34,458,144
Loans and advances to customers measured at FVOCI	–	25,025,248	–	25,025,248
Total	20,064	71,741,448	9,551,096	81,312,608

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2022 and the year ended December 31, 2021.

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

Notes to the Unaudited Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

44. fair value (continued)

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

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 FVOCI in Mainland China is categorized as Level 2. Based on the different credit risk, 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 is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity securities type of financial assets is measured by market comparison approach with unobservable input of discount for lack of marketability.

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(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value (continued)

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

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

	Financial investments measured at FVTPL
As at January 1, 2022	9,551,096
Total gains	
– In profit or loss	833,947
Purchases	–
Disposals and settlement on maturity	(1,542,814)
As at June 30, 2022	8,842,229
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	(297,576)
	Financial investments measured at FVTPL
As at January 1, 2021	13,973,087
Total gains	
– In profit or loss	1,975,876
Purchases	–
Disposals and settlement on maturity	(6,397,867)
As at December 31, 2021	9,551,096
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	(323,131)



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(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value (continued)

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

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

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

	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2022	December 31, 2021		
Financial assets				
Financial investments at FVTPL				
– Trust beneficiary rights and asset management plans	3,884,930	4,385,091	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
– Unlisted equity investments	194,216	237,492	Market approach. Fair value determined by reference to price to earnings ratio of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio; discount for lack of marketability
– Other investments	4,763,083	4,928,513	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

Notes to the Unaudited Consolidated Financial Statements

For the six months ended June 30, 2022 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

44. Fair value (continued)

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

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

	June 30, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	67,689,758	67,740,546	67,281,535	66,800,996
Financial liabilities				
Debt securities issued	27,914,999	27,469,061	31,446,796	31,015,494

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(Expressed in thousands of Renminbi, unless otherwise stated)

45. particulars of subsidiaries

Details of the Bank's subsidiaries as at June 30, 2022 and December 31, 2021 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2022	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				June 30, 2022 %	December 31, 2021 %	June 30, 2022 %	December 31, 2021 %		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	56.85	56.85	Commercial Bank	Limited Liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial Bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (i)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	58.33	58.33	Commercial Bank	Limited Liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial Bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	54.00	54.00	Commercial Bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.70	53.70	Commercial Bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	April 2016	40,827	68.16	68.16	77.96	77.96	Commercial Bank	Joint Stock Company
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.90	54.90	Commercial Bank	Joint Stock Company

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(Expressed in thousands of Renminbi, unless otherwise stated)

45. Particulars of subsidiaries (continued)

Details of the Bank's subsidiaries as at June 30, 2022 and December 31, 2021 are set out below: (continued)

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2022	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		
				%	%	%	%		
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.90	54.90	Commercial Bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	50,898	71.22	71.22	76.25	76.25	Commercial Bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	53,090	72.00	72.00	76.82	76.82	Commercial Bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	December 2016	61,000	53.50	53.50	61.89	61.89	Commercial Bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial Bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial Bank	Joint Stock Company





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45. Particulars of subsidiaries (continued)

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

- (i) The Bank holds no more than 50.00% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, and through appointing or approving the appointment of the key management of these subsidiaries, the Bank has right to obtain variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) As at June 30, 2022, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the Group's activities and cash flows.

46. Subsequent events

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

47. Comparative figures

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

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(Expressed in thousands of Renminbi, unless otherwise stated)

48. Possible impacts of amendments, new standards and interpretations issued but not yet effective for the six months ended June 30, 2022

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended June 30, 2022, and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
<i>IFRS 17 and Amendments to IFRS 17, Insurance contracts</i>	January 1, 2023
<i>Amendments to IAS 1, Presentation of financial statements “Classification of liabilities as current or non-current”</i>	January 1, 2023
<i>Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements “Disclosure of accounting policies”</i>	January 1, 2023
<i>Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors “Definition of accounting estimates”</i>	January 1, 2023
<i>Amendments to IAS 12, Income taxes “Deferred tax related to assets and liabilities arising from a single transaction”</i>	January 1, 2023
<i>Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture</i>	To be determined

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

Definition

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

“Articles of Association”	the articles of association of the Bank, the version of which was passed by the shareholders of the Bank at the first extraordinary shareholders’ meeting of 2021 on February 1, 2021 and was approved by the CBIRC Jiangxi Bureau on July 20, 2021, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang”, “We” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” 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” or “Jiangxi Bureau”	CBIRC Jiangxi Bureau (中國銀保監會江西監管局)
“CBRC”	former China Banking Regulatory Commission (中國銀行業監督管理委員會), currently CBIRC (中國銀保監會)
“China” or “PRC”	the People’s Republic of China, for the purpose of this interim report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC

Definition

“city commercial bank(s)”	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
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC” or “Company Law”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the 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
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
“county bank(s)”	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 fully paid in RMB



Definition

“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of the 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 the Bank as at June 30, 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules

Definition

“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	the half year from January 1, 2022 to June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“USD”	United States dollars, the lawful currency of the United States of America

