

九江銀行
BANK OF JIUJIANG

九江銀行股份有限公司
Bank of Jiujiang Co., Ltd.

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

Stock Code : 6190

2023
INTERIM REPORT



Contents

2	Company Profile
6	Accounting Data and Financial Indicator Highlights
9	Management Discussion and Analysis
78	Changes in Share Capital and Information on Shareholders
93	Information on Directors, Supervisors, Senior Management, Staff and Institution
111	Corporate Governance
116	Significant Issues
120	Review Report to the Board of Directors of Bank of Jiujiang Co., Ltd.
122	Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
124	Unaudited Consolidated Statement of Financial Position
126	Unaudited Consolidated Statement of Changes in Equity
127	Unaudited Consolidated Statement of Cash Flows
129	Notes to the Unaudited Consolidated Financial Statements
197	Definition

Company Profile

1. Basics

Legal name in Chinese:
九江銀行股份有限公司*

Legal name in English:
Bank of Jiujiang Co., Ltd.*

Legal representative:
LIU Xianting (劉羨庭)**

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

Tel: +86(792)7783000-1101
Fax: +86(792)8325019
Email: dshbgs6190@jjccb.com
Website: www.jjccb.com
Customer service hotline: +86 95316

PRC auditor:
KPMG Huazhen LLP

International auditor:
KPMG

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

Hong Kong (PRC) legal advisor:
Clifford Chance

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

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

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

* The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 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.

** On September 19, 2023, the Bank received the Approval on the Qualifications of Mr. ZHOU Shixin as a Director and the Chairman of the Financial Institute from Jiangxi Bureau of the National Financial Regulatory Administration, accordingly, Mr. ZHOU Shixin serves as the Chairman of the Bank. The Bank will complete the change of the legal representative in accordance with legal procedures as soon as possible. As of the date of printing of this report, the change of the legal representative of the Bank has not completed.

*** On July 26, 2023, the Bank completed the issuance of H Shares under the Specific Mandate; on September 19, 2023, the Bank completed the issuance of Domestic Shares under the Specific Mandate. Accordingly, the total number of issued Shares of the Bank increased to 2,847,367,200, comprising 2,365,000,000 Domestic Shares and 482,367,200 H Shares. The Bank will submit relevant application documents to the national financial regulatory institution and obtain the approval of changes in the registered capital of the Bank and amendments to the Articles of Association, and process corresponding procedures regarding changes in industrial and commercial registration.

Company Profile

2. Company Profile

Approved by Wuhan Branch of the People's Bank of China for establishment, Bank of Jiujiang Co., Ltd. ("**Bank of Jiujiang**" or the "**Bank**") was a regional commercial bank incorporated in November 2000 from eight urban credit cooperatives in Jiujiang City. In October 2008, the Bank officially changed its name to 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 RMB490,000 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" and "National May Day Labour Award".

As of June 30, 2023, Bank of Jiujiang (including controlled county banks) has 5,264 full-time employees, with an average age of 29.70. Among which, 4,590 had undergraduate degrees or graduated from junior college, accounting for 87.20%, while 659 had master's degrees (and above), accounting for 12.52%. 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.

Company Profile

3. Major awards in the first half of 2023

In January 2023, China Central Depository and Clearing Co., Ltd. granted honors to the supporting units for the national blockchain innovation application pilot projects, and the Bank has won the honorary title of the “First Batch of Supporting Units for the National Blockchain Innovation Application Pilot Projects”, one of the four pilots city commercial banks in China and the only selected unit in Jiangxi Province.

In January 2023, China Central Depository and Clearing Co., Ltd. announced the 2022 CDC member business development quality election results, and the Bank was awarded the title of the “2022 Top 100 Proprietary Dealer”, marking the fifth consecutive year it has won the title.

In January 2023, the Export-Import Bank of China announced the list of 2022 excellent organizations and individuals of domestic RMB financial bond underwriting market maker group, and the Bank was awarded two institutional awards including “Core Underwriter” and “Excellent Market Maker” 2022 domestic RMB financial bond underwriting market maker group.

In January 2023, Shanghai Clearing House announced the evaluation results for high-quality development of centralized settlement and issuance, registration, custody and settlement business of 2022, and the Bank was awarded the “Excellent Award for Net Bond Sole Settlement of 2022”, one of the five financial institutions received such institutional award in the interbank market and the only legal entity in Jiangxi Province received this award.

In February 2023, Huaxia Institutional Investors Annual Conference and the 16th Golden Cicada Award Ceremony hosted by China Times was held in Beijing, the Bank won the “City Commercial Bank Award for the Year”.

In February 2023, China Foreign Exchange Center Trade System announced the results of selected outstanding in interbank local currency markets for 2022. The Bank won the awards of “Core Dealer” and “X-Repo Market Innovation Award” in the inter-bank local currency market in 2022.

In February 2023, the Nanchang Central Sub-branch of the People’s Bank of China and the Financial Work Office of Jiangxi Provincial People’s Government issued the Notice on Commending the Outstanding Banks of Cross-border RMB Business in Jiangxi Province in 2022, and the Bank won the “Comprehensive Excellence Award”.

In March 2023, Shanghai Commercial Paper Exchange Corporation Ltd. released the 2022 annual excellence evaluation results, and the Bank won two honors, namely “Excellent Comprehensive Business Institution” and “Excellent New-Generation Bill Business System Online Institution”, and was the only award-winning institution in Jiangxi Province.

Company Profile

In March 2023, the Final of the Analysis and Handover Competition of Financial Intelligence Clues of “One Hundred Days Activity” in Jiangxi Province jointly hosted by the Nanchang Central Sub-branch of the People’s Bank of China, Jiangxi Public Security Department, Jiangxi Provincial People’s Procuratorate and Jiangxi Provincial Tax Service of State Taxation Administration was successfully held in Nanchang, and the Bank won the “Third Prize” for collective merit.

In April 2023, Jiujiang Leading Group for Consolidating and Expanding the Achievements of Poverty Alleviation and Effectively Linking with Rural Revitalization issued the Notification on the Assessment of the City’s Paired Assistance in 2022 (Jiu Gong Xian Fa [2023] No.3) to circulate and praise the units and individuals that made outstanding achievements in the city’s paired assistance in 2022, and the Bank was awarded the title of “Advanced Unit of Paired Assistance in the City in 2022”.

In May 2023, the Bank was awarded the title of “Excellent Industrial Finance Bank” in the activity of “China Movable Property and Rights Financing Ecology · Excellent Enterprise Selection (from the Perspective of Supply Chain)” jointly organized by 10000link and Shanghai University Modern Logistics Research Center.

In June 2023, the list of winners of the selection activity of “Yili Tianxia · 2022 Jiangxi Social Responsibility Enterprises (Entrepreneurs)” jointly hosted by Jiangxi Daily, Jiangxi Provincial Department of Agriculture and Rural Affairs, Jiangxi Provincial State-owned Assets Supervision and Administration Commission and Jiangxi Provincial Local Financial Supervision Administration was officially announced. The Bank was awarded the title of “2022 Jiangxi Social Responsibility Enterprise” by virtue of the outstanding contributions in supporting the real economy, rural revitalization, charity and other fields.

In June 2023, informed by the People’s Bank of China and its subsidiary Chengfang Financial Technology Co., Ltd., the Bank passed the test and acceptance of customs revenue collection business, and will be arranged to carry out business as one of the first batch of new access institutions in China in 2023. Since then, the Bank has become the first and only urban commercial bank in Jiangxi Province that has been permitted to access the “Single Window” of China International Trade.

In June 2023, the 2023 Asset Management and Wealth Management Industry Development Forum and the Third “Golden Reputation Award” Awarding Ceremony hosted by PYSTANDARD came to a successful conclusion, and the Bank was awarded the title of “Excellent Investment Return Bank and Excellent Wealth Management Urban Commercial Bank”.

Accounting Data and Financial Indicator Highlights

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

	For the six months ended June 30,		
	2023	2022	2023 as compared with 2022
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Results of operations			Percentage of change (%)
Net interest income	4,128.6	4,347.1	(5.0)
Net fee and commission income	392.2	337.5	16.2
Operating income	5,255.4	5,212.1	0.8
Operating expenses	(1,446.0)	(1,338.9)	8.0
Impairment losses on assets	(2,806.4)	(2,751.6)	2.0
Profit before taxation	1,010.7	1,127.2	(10.3)
Net profit for the period	944.3	1,038.8	(9.1)
Net profit for the period attributable to equity shareholders of the Bank	922.1	1,023.7	(9.9)
Calculated on a per share basis (RMB)			Percentage of change (%)
Net assets per share attributable to equity shareholders of the Bank ⁽¹⁾	12.19	11.71	4.10
Basic earnings per share ⁽¹⁾	0.24	0.29	(17.24)
Diluted earnings per share ⁽¹⁾	0.24	0.29	(17.24)
Profitability indicators (%)			Changes (percentage point)
Return on average total assets ⁽²⁾	0.39	0.44	(0.05)
Return on average equity ⁽³⁾	6.34	7.25	(0.91)
Net interest spread ⁽⁴⁾	1.74	1.90	(0.16)
Net interest margin ⁽⁵⁾	1.77	1.96	(0.19)
Net fee and commission income to operating income	7.46	6.48	0.98
Cost-to-income ratio ⁽⁶⁾	26.38	24.53	1.85

Accounting Data and Financial Indicator Highlights

	June 30, 2023	December 31, 2022	Change over the end of last year
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Capital adequacy indicators (%)			Changes (percentage point)
Core tier-one capital adequacy ratio ⁽⁷⁾	8.00	7.93	0.07
Tier-one capital adequacy ratio ⁽⁷⁾	10.60	10.61	(0.01)
Capital adequacy ratio ⁽⁷⁾	12.10	12.62	(0.52)
Total equity to total assets	7.54	7.59	(0.05)
Asset quality indicators (%)			Changes (percentage point)
Non-performing loan ratio ⁽⁸⁾	2.06	1.82	0.24
General allowance ratio ⁽⁹⁾	160.31	173.01	(12.70)
Allowance-to-loan ratio ⁽¹⁰⁾	3.29	3.14	0.15
Volume indicators			Percentage of change (%)
Total assets	492,490.2	479,703.5	2.7
Including: Net loans and advances to customers	284,612.8	271,535.2	4.8
Total liabilities	455,351.7	443,287.3	2.7
Including: Customer deposits	377,801.1	377,340.0	0.1
Share capital	2,407.4	2,407.4	–
Equity attributable to equity shareholders of the Bank	36,341.2	35,627.6	2.0
Non-controlling interests	797.3	788.6	1.1
Total equity	37,138.5	36,416.2	2.0
Net capital base ⁽⁷⁾	42,149.9	42,594.0	(1.0)
Other financial indicators (%)			Changes (percentage point)
Leverage ratio ⁽¹¹⁾	6.51	6.53	(0.02)
Liquidity ratio ⁽¹²⁾	51.99	63.69	(11.70)
Liquidity coverage ⁽¹³⁾	185.02	267.97	(82.95)
Loan to deposit ratio	77.54	73.98	3.56
Ratio of loans and advances to single top customer ⁽¹⁴⁾	0.91	0.64	0.27
Ratio of loans and advances to top 10 customers ⁽¹⁴⁾	4.73	4.24	0.49

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 tax and surcharges, by operating income.
- (7) Calculated in accordance with the definitions under the Administrative Measures for the Capital of Commercial Banks. On July 26, 2023, the issuance of H Shares was completed, and the Bank issued 75 million H Shares with a par value of RMB1.00 at an offering price of HK\$9.79 per H Share. On September 19, 2023, the issuance of Domestic Shares was completed, and the Bank issued additional 365 million Domestic Shares with a par value of RMB1.00 at an offering price of RMB8.93 per Domestic Share. Accordingly, the registered capital and share capital of the Bank will increase to RMB2,847.37 million and 2,847.37 million Shares, respectively, and the capital adequacy ratio of the Group is expected to increase 100 BPs to 130 BPs accordingly.
- (8) Calculated by dividing total non-performing loans by gross loans to customers.
- (9) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) by total non-performing loans.
- (10) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) 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 the National Financial Regulatory Administration and based on the reviewed data.
- (12) Calculated by dividing current liabilities into current assets according to the regulatory standards of the National Financial Regulatory Administration.
- (13) Calculated by dividing net cash outflows in the next 30 days by qualified high-quality current assets according to the regulatory standards of the National Financial Regulatory Administration.
- (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 and based on the reviewed data.

Management Discussion and Analysis

1. Past economy and politics

In the first half of 2023, facing the complicated and severe international environment and the arduous and onerous domestic reform, development and stability tasks, and under the strong leadership of the CPC Central Committee with Comrade Xi Jinping as the core, China's market demand gradually recovered, the production and supply continued to increase, the employment and commodity prices were generally stable, the residents' income grew steadily, the overall economic operation rebounded and improved, and the high-quality development was steadily advanced. According to the operation of the national economy in the first half of 2023 published by the National Bureau of Statistics, the GDP in the first half of the year increased by 5.5% as compare with same period of the previous year, representing an increase of 1.0 percentage points as compare with the first quarter, and obviously faster than the economic growth rate of 3% in the whole year of the previous year, and the overall economic growth rebounded.

In the first half of 2023, the whole province of Jiangxi conscientiously implemented the decision-making arrangements made by the CPC Central Committee and the State Council and the work requirements of Jiangxi Provincial Party Committee and Jiangxi Provincial Government to stabilize economic growth, and strove to promote the stable and healthy development of the economy. The economy of Jiangxi Province maintained a sustained recovery trend, which was mainly reflected in four aspects, namely sustained recovery of economic growth, steady growth of major industries, enhanced vitality of new kinetic energy and new business, and continuous optimization of industrial institutions. According to the unified accounting of the National Bureau of Statistics, in the first half of 2023, the gross regional product of Jiangxi Province was RMB1,539.94 billion, representing a year-on-year increase of 2.4% at constant prices.

In the first half of 2023, the National Financial Regulatory Administration resolutely implemented the decision-making arrangements made by the CPC Central Committee and the State Council, adhered to the general work tone of striving for progress while maintaining stability, completely, accurately and comprehensively implemented the new development concept, accelerated the construction of a new development pattern for services, supported the promotion of high-quality development, promoted the overall recovery and improvement of economic operation, and kept the bottom line of no systematic financial risks. Firstly, the main businesses of banking and insurance maintained steady growth; secondly, the support for key areas and weak links was continuously increased; thirdly, the scientific and technological innovation and green development were actively supported; fourthly, the support for improving the people's livelihood was continuously increased; fifthly, the main risk supervision indicators were in a reasonable range; sixthly, the overall ability to resist risks was sufficient.

Management Discussion and Analysis

In the first half of 2023, the People's Bank of China and the State Administration of Foreign Exchange conscientiously implemented the spirit of the 20th National Congress of the CPC and the Central Economic Work Conference, accurately and forcefully implemented the prudent monetary policy, effectively prevented and controlled the financial risks, continued to deepen the financial reform, effectively improved the financial services, and comprehensively strengthened the Party building, making new achievements in all aspects of work. Firstly, the total amount of monetary credit and financing maintained a reasonable growth; secondly, the key areas and weak links of high-quality development were effectively supported; thirdly, the foreign exchange market was basically stable; fourthly, the financial risks in key areas were dealt with in an orderly manner; fifthly, the financial reform and opening up were further promoted; sixthly, the international financial cooperation continued to deepen; seventhly, the quality and efficiency of financial services and management continued to improve.

2. General situation of operation

During the reporting period, Bank of Jiujiang thoroughly studied and implemented the spirit of the 20th National Congress of the CPC, actively implemented the national macro policies and regulatory direction, took the "high-quality party building leading the high-quality and sustainable development" as the guidelines, and promoted the stable growth of operating results.

In the first half of 2023, the Group realized operating income of RMB5,255 million and net profit of RMB944 million. As of June 30, 2023, the total assets of the Group amounted to RMB492,490 million, representing an increase of 2.7% as compared to the end of last year; gross loans and advances to customers amounted to RMB292,943 million, representing an increase of 4.9% as compared to the end of last year; the total customer deposits amounted to RMB377,801 million, keeping flat with the end of last year; the non-performing loan ratio amounted to 2.06%; general allowance ratio amounted to 160.31%; capital adequacy ratio amounted to 12.10%, with all the main regulatory indicators meeting regulatory requirements.

Management Discussion and Analysis

3. Income statement analysis

For the six months ended June 30, 2023, the Group achieved a profit before taxation of RMB1,011 million, representing a year-on-year decrease of 10.3%; the Group achieved a net profit of RMB944 million, representing a year-on-year decrease of 9.1%.

	For the six months ended June 30,			
	2023	2022	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income	9,799.9	9,971.7	(171.8)	(1.7)
Interest expense	(5,671.3)	(5,624.6)	(46.7)	0.8
Net interest income	4,128.6	4,347.1	(218.5)	(5.0)
Fee and commission income	445.7	394.7	51.0	12.9
Fee and commission expense	(53.5)	(57.2)	3.7	(6.5)
Net fee and commission income	392.2	337.5	54.7	16.2
Net gains arising from financial investments	629.6	396.8	232.8	58.7
Other income, gains or losses	105.0	130.7	(25.7)	(19.7)
Operating income	5,255.4	5,212.1	43.3	0.8
Operating expenses	(1,446.0)	(1,338.9)	(107.1)	8.0
Impairment losses on assets	(2,806.4)	(2,751.6)	(54.8)	2.0
Share of profits of associates	7.7	5.6	2.1	37.5
Profit before taxation	1,010.7	1,127.2	(116.5)	(10.3)
Income tax expense	(66.4)	(88.4)	22.0	(24.9)
Net profit for the period	944.3	1,038.8	(94.5)	(9.1)
Net profit for the period attribute to:				
Equity shareholders of the Bank	922.1	1,023.7	(101.6)	(9.9)
Non-controlling interests	22.2	15.1	7.1	47.0

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 RMB4,129 million, representing a year-on-year decrease of RMB219 million, or 5.0%.

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,					
	2023			2022		
	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	280,357.9	6,953.6	4.96	257,406.0	6,880.3	5.35
Financial investments ⁽²⁾	132,594.8	2,411.8	3.64	127,300.8	2,614.9	4.11
Financial assets held under resale agreements	21,740.9	190.8	1.76	27,267.9	248.6	1.82
Balances with the central bank ⁽³⁾	29,080.7	218.6	1.50	29,390.2	220.5	1.50
Deposits with banks and other financial institutions ⁽⁴⁾	3,610.6	25.1	1.39	2,798.1	7.4	0.53
Total interest-earning assets	467,384.9	9,799.9	4.19	444,163.0	9,971.7	4.49

Management Discussion and Analysis

	For the six months ended June 30,					
	2023			2022		
	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-bearing liabilities						
Customer deposits	362,922.5	4,645.7	2.56	346,132.2	4,564.9	2.64
Deposits from banks and other financial institutions ⁽⁵⁾	32,516.1	300.8	1.85	17,040.7	213.5	2.51
Financial assets sold under repurchase agreements	23,088.7	175.3	1.52	19,629.1	160.0	1.63
Debt securities issued ⁽⁶⁾	27,146.3	355.8	2.62	29,237.8	437.8	2.99
Borrowings from the central bank	16,964.5	187.3	2.21	22,755.6	239.5	2.10
Lease liabilities	329.7	6.4	3.88	360.0	8.9	4.94
Total interest-bearing liabilities	462,967.8	5,671.3	2.45	435,155.4	5,624.6	2.59
Net interest income		4,128.6			4,347.1	
Net interest spread⁽⁷⁾		1.74			1.90	
Net interest margin⁽⁸⁾		1.77			1.96	

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 reserve deposits and surplus reserve deposits.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.
- (7) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities.
- (8) 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 2023 vs. 2022			
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	620.0	(546.7)	73.3
Financial investments	108.5	(311.6)	(203.1)
Financial assets held under resale agreements	(51.3)	(6.5)	(57.8)
Balances with the central bank ⁽⁴⁾	(1.9)	–	(1.9)
Deposits with banks and other financial institutions ⁽⁵⁾	2.2	15.5	17.7
Change in interest income	677.5	(849.3)	(171.8)
Interest-bearing liabilities			
Customer deposits	226.0	(145.2)	80.8
Deposits from banks and other financial institutions ⁽⁶⁾	194.6	(107.3)	87.3
Financial assets sold under repurchase agreements	28.0	(12.7)	15.3
Debt securities issued ⁽⁷⁾	(31.8)	(50.2)	(82.0)
Borrowings from the central bank	(61.5)	9.3	(52.2)
Lease liabilities	(0.8)	(1.7)	(2.5)
Change in interest expense	354.5	(307.8)	46.7
Change in net interest income	323.0	(541.5)	(218.5)

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 reserve deposits and surplus reserve deposits.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (7) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.

3.2 Interest income

For the six months ended June 30, 2023, the Group achieved interest income of RMB9,800 million, representing a year-on-year decrease of RMB172 million, or 1.7%. The decrease in interest income was mainly due to the decrease in the average yield of interest-earning assets, partially offset by the increase in the average balance of interest-earning assets. During the reporting period, the decrease in the average yield of interest-earning assets of the Group 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; the increase in the average balance of interest-earning assets was mainly due to the increase in the scale of loan of the Group in line with the business development.

3.2.1 Interest income from loans and advances to customers

For the six months ended June 30, 2023, interest income from the Group's loans and advances to customers was RMB6,954 million, representing a year-on-year increase of RMB73 million or 1.1%, 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 practically 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,					
	2023			2022		
	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	159,083.0	4,223.4	5.31	150,562.7	4,138.5	5.50
Retail loans and advances	92,382.8	2,414.7	5.23	87,142.0	2,440.8	5.60
Discounted bills	28,892.1	315.5	2.18	19,701.3	301.0	3.06
Total	280,357.9	6,953.6	4.96	257,406.0	6,880.3	5.35

3.2.2 Interest income from financial investments

For the six months ended June 30, 2023, interest income from financial investments of the Group amounted to RMB2,412 million, representing a year-on-year decrease of RMB203 million or 7.8%. The decrease in interest income 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, 2023, interest income from financial assets held under resale agreements of the Group amounted to RMB191 million, representing a year-on-year decrease of RMB58 million or 23.3%, which was mainly due to the decrease in both the yield and scale of financial assets held under resale agreements.

3.2.4 Interest income from balances with the central bank

For the six months ended June 30, 2023, interest income from balances with the central bank of the Group was RMB219 million, which was basically the same as that of the same period of the previous year.

Management Discussion and Analysis

3.2.5 Interest income from deposits with banks and other financial institutions

For the six months ended June 30, 2023, the interest income with deposits with banks and other financial institutions of the Group was RMB25 million, representing a year-on-year increase of RMB18 million or 239.2%. This was mainly due to the increase in the scale of deposits with banks and other financial institutions and the increase in the average yields of such deposits.

3.3 Interest expense

For the six months ended June 30, 2023, interest expense of the Group amounted to RMB5,671 million, which was basically the same as that of the same period of the previous year.

3.3.1 Interest expense on customer deposits

For the six months ended June 30, 2023, interest expense on customer deposits of the Group amounted to RMB4,646 million, representing a year-on-year increase of RMB81 million or 1.8%, primarily due to the increase in the average balance of customer deposits, partially offset by the decrease in the average interest rate. Such increase in the average balance of customer deposits was mainly due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group. The decrease in the average interest rate was mainly because the Group strengthened the management of assets and liabilities and reduced the nominal interest rate for deposits and interest rate for deposits according to the market conditions of banks.

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,					
	2023			2022		
	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	115,287.4	985.5	1.71	109,894.4	857.4	1.56
Time	51,971.1	804.3	3.10	48,976.7	783.1	3.20
Pledged deposits	35,038.0	306.9	1.75	44,528.8	499.3	2.24
Subtotal	202,296.5	2,096.7	2.07	203,399.9	2,139.8	2.10
Personal deposits						
Demand	24,822.9	56.8	0.46	21,609.3	70.8	0.66
Time	133,598.2	2,460.8	3.68	118,796.3	2,322.9	3.91
Subtotal	158,421.1	2,517.6	3.18	140,405.6	2,393.7	3.41
Convertible negotiated deposits	2,000.0	31.4	3.14	2,000.0	31.4	3.14
Others	204.9	–	–	326.7	–	–
Total customer deposits	362,922.5	4,645.7	2.56	346,132.2	4,564.9	2.64

3.3.2 Interest expense on deposits from banks and other financial institutions

For the six months ended June 30, 2023, interest expense on deposits from banks and other financial institutions of the Group was RMB301 million, representing a year-on-year increase of RMB87 million or 40.9%, mainly due to the increase in the average balance of deposits from banks and other financial institutions, partially offset by the decrease in the average interest rate.

Management Discussion and Analysis

3.3.3 Interest expense on financial assets sold under repurchase agreements

For the six months ended June 30, 2023, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB175 million, representing a year-on-year increase of RMB15 million or 9.6%, mainly due to the increase in the financial assets sold under repurchase agreements of the Group.

3.3.4 Interest expense from debt securities issued

For the six months ended June 30, 2023, interest expense from the issued debt securities of the Group amounted to RMB356 million, representing a year-on-year decrease of RMB82 million or 18.7%, mainly due to the fact that the Group excised the redemption option on part of issued tier-two capital bonds at the beginning of the year.

3.3.5 Interest expense on borrowings from the central bank

For the six months ended June 30, 2023, interest expense on borrowings from the central bank of the Group amounted to RMB187 million, representing a year-on-year decrease of RMB52 million, or 21.8%. This was mainly due to the decrease 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, 2023, net interest spread of the Group decreased from 1.90% of the same period of last year to 1.74%. The net interest margin decreased from 1.96% in the previous year to 1.77%, mainly due to the narrowed 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, 2023, the fee and commission income of the Group amounted to RMB446 million, representing a year-on-year increase of RMB51 million or 12.9%, mainly attributable to strengthening management related to net income 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,			
	2023	2022	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income				
Settlement and clearing fees	158.3	95.9	62.4	65.1
Credit commitments and financial guarantees fees	111.5	99.9	11.6	11.6
Wealth management fees	75.5	105.0	(29.5)	(28.1)
Agency service fees	55.0	58.5	(3.5)	(6.0)
Bank card fees	41.8	32.0	9.8	30.6
Transaction and consultancy fees	3.6	3.4	0.2	5.9
Subtotal	445.7	394.7	51.0	12.9
Fee and commission expense				
Transaction fees	(36.8)	(29.1)	(7.7)	26.5
Settlement fees	(14.2)	(21.6)	7.4	(34.3)
Others	(2.5)	(6.5)	4.0	(61.5)
Subtotal	(53.5)	(57.2)	3.7	(6.5)
Net fee and commission income	392.2	337.5	54.7	16.2

For the six months ended June 30, 2023, settlement and clearing fees income of the Group amounted to RMB158 million, representing a year-on-year increase of RMB62 million or 65.1%, mainly due to increased letters of credit fees of the Group.

For the six months ended June 30, 2023, credit commitments and financial guarantees fees income of the Group amounted to RMB112 million, representing a year-on-year increase of RMB12 million or 11.6%, mainly attributable to the growth in letters of guarantees business of the Group.

Management Discussion and Analysis

For the six months ended June 30, 2023, the wealth management fee income of the Group amounted to RMB76 million, representing a year-on-year decrease of RMB30 million or 28.1%, mainly attributable to downsizing of scale of the Group's wealth management assets.

For the six months ended June 30, 2023, agency service fees income of the Group amounted to RMB55 million, which basically kept flat with the same period of last year.

3.4.2 Net gains arising from financial investments

For the six months ended June 30, 2023, net gains arising from financial investments of the Group reached RMB630 million representing a year-on-year increase of RMB233 million or 58.7%, mainly due to (i) the decline of bond yield and increase in its fair value; and (ii) the increase in fund dividend income.

3.5 Operating expenses

For the six months ended June 30, 2023, operating expenses of the Group amounted to RMB1,446 million, representing a year-on-year increase of RMB107 million or 8.0%.

Management Discussion and Analysis

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.

	For the six months ended June 30,			
	2023	2022	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Staff costs	804.2	716.4	87.8	12.3
General and administrative expenses	308.3	306.0	2.3	0.8
Depreciation and amortization	207.2	203.3	3.9	1.9
Tax and surcharges	59.4	60.6	(1.2)	(2.0)
Depreciation on right-of-use assets	54.1	43.2	10.9	25.2
Rental and property management expenses	12.8	9.4	3.4	36.2
Total operating expenses	1,446.0	1,338.9	107.1	8.0

For the six months ended June 30, 2023, staff costs of the Group amounted to RMB804 million, representing a year-on-year increase of RMB88 million, or 12.3%, 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,			
	2023	2022	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Salaries, bonuses and allowances	650.5	578.9	71.6	12.4
Social insurance and supplementary retirement benefits	64.4	60.5	3.9	6.4
Staff welfares	32.9	30.0	2.9	9.7
Housing funds	40.0	34.8	5.2	14.9
Labour union expenses and employee education expenses	16.4	12.2	4.2	34.4
Total staff costs	804.2	716.4	87.8	12.3

Management Discussion and Analysis

For the six months ended June 30, 2023, general and administrative expenses of the Group were RMB308 million, which basically kept flat with the same period of the previous year.

For the six months ended June 30, 2023, depreciation and amortisation of the Group amounted to RMB207 million, which basically kept flat with the same period of the previous year.

For the six months ended June 30, 2023, the tax and surcharges of the Group were RMB59 million, which basically kept flat with the same period of the previous year.

3.6 Impairment losses on assets

For the six months ended June 30, 2023, the Group's impairment losses on assets were RMB2,806 million, representing a year-on-year increase of RMB55 million or 2.0%, which was mainly attributable to the increase in provision for asset impairment of the Group for the purpose of strengthening the risk management of financial assets.

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,			
	2023	2022	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	2,084.2	2,197.2	(113.0)	(5.1)
Loans and advances to customers at FVOCI	(3.1)	3.0	(6.1)	(203.3)
Financial investments measured at amortised cost	768.5	548.3	220.2	40.2
Financial investments measured at FVOCI	2.7	1.5	1.2	80.0
Other ⁽¹⁾	(45.9)	1.6	(47.5)	(2,968.8)
Total impairment losses on assets	2,806.4	2,751.6	54.8	2.0

Note:

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

Management Discussion and Analysis

3.7 Income tax expense

For the six months ended June 30, 2023, income tax of the Group was RMB66 million, representing a year-on-year decrease of RMB22 million or 24.9%, mainly attributable to the exemption of enterprise income tax on interest income and dividends of funds from the Group's investments in national bonds and local government 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,			
	2023	2022	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current income tax	350.6	365.5	(14.9)	(4.1)
Tax filling differences	(421.6)	42.3	(463.9)	(1,096.7)
Deferred tax	137.4	(319.4)	456.8	(143.0)
Total income tax expenses	66.4	88.4	(22.0)	(24.9)

4. Analysis of major financial position items

4.1 Assets

As of June 30, 2023, total assets of the Group were RMB492,490 million, representing an increase of RMB12,787 million or 2.7% as compared to the end of last year, mainly due to the increase in the Group's loans and advances to customers.

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, 2023		As of December 31, 2022	
	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	292,943.2	59.5	279,165.3	58.2
Accrued interest on loans and advances to customers	1,315.3	0.3	1,131.6	0.2
Less: Allowances for impairment losses	(9,645.7)	(2.0)	(8,761.7)	(1.8)
Net loans and advances to customers	284,612.8	57.8	271,535.2	56.6
Financial investments, net	148,366.7	30.1	149,026.2	31.1
Cash and balances with the central bank	30,854.7	6.3	33,148.4	6.9
Deposits with banks and other financial institutions	2,571.4	0.5	2,232.3	0.5
Placements with banks and other financial institutions	651.9	0.1	417.9	0.1
Financial assets held under resale agreements	10,928.4	2.2	8,974.5	1.9
Interests in associates	142.0	–	134.3	–
Other assets ⁽¹⁾	14,362.3	3.0	14,234.7	2.9
Total assets	492,490.2	100.0	479,703.5	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, 2023, gross loans and advances to customers of the Group amounted to RMB292,943 million, representing an increase of RMB13,778 million, or 4.9% 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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans and advances	174,701.1	59.6	162,427.3	58.2
Retail loans and advances	96,104.5	32.8	95,631.7	34.3
Discounted bills	22,137.6	7.6	21,106.3	7.5
Gross loans and advances to customers	292,943.2	100.0	279,165.3	100.0

Corporate loans and advances

As of June 30, 2023, the gross corporate loans and advances of the Group amounted to RMB174,701 million, representing an increase of RMB12,274 million or 7.6% 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 actively expanded the corporate credit grant to support 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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Working capital loans	97,664.1	55.9	95,868.6	59.0
Fixed asset loans	52,432.7	30.0	45,648.5	28.1
Trade finance loans	20,951.9	12.0	17,754.2	10.9
Others	3,652.4	2.1	3,156.0	2.0
Total corporate loans and advances	174,701.1	100.0	162,427.3	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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Large enterprise ⁽¹⁾	21,146.8	12.1	18,031.3	11.1
Medium enterprise ⁽¹⁾	48,930.9	28.0	43,884.9	27.0
Small enterprise ⁽¹⁾	82,488.4	47.2	75,762.1	46.6
Micro enterprise ⁽¹⁾	19,695.9	11.3	22,083.2	13.6
Others ⁽²⁾	2,439.1	1.4	2,665.8	1.7
Total corporate loans and advances	174,701.1	100.0	162,427.3	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.

Retail loans and advances

For the six months ended June 30, 2023, total retail loans and advances of the Group amounted to RMB96,105 million, which basically kept flat with the end of last year.

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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Residential mortgage loans	34,207.8	35.5	34,918.0	36.5
Personal loans for business purposes	36,098.2	37.6	35,744.4	37.4
Personal loans for consumption	19,772.0	20.6	18,311.7	19.1
Credit card	6,026.5	6.3	6,657.6	7.0
Total retail loans and advances	96,104.5	100.0	95,631.7	100.0

Discounted bills

As of June 30, 2023, discounted bills of the Group were RMB22,138 million, representing an increase of RMB1,031 million or 4.9% as compared to the end of last year, mainly attributable to the fact that the Group increased the efforts on the bills discount business as a result of 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, 2023, the total financial investments of the Group were RMB152,932 million, which basically kept flat with the end of last year.

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, 2023		As of December 31, 2022	
	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	19,630.7	12.9	21,129.5	13.8
Financial investments at fair value through other comprehensive income	46,998.1	30.7	47,019.7	30.6
Financial investments measured at amortised cost	86,303.5	56.4	85,326.8	55.6
Total financial investments	152,932.3	100.0	153,476.0	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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Debt securities				
Debt securities issued by government	64,180.5	42.0	61,851.1	40.2
Debt securities issued by policy banks	25,985.8	17.0	24,833.5	16.2
Debt securities issued by general corporates	13,217.6	8.6	14,726.5	9.6
Debt securities issued by other commercial banks	9,179.6	6.0	9,015.9	5.9
Subtotal	112,563.5	73.6	110,427.0	71.9
Non-standard investment				
Trust beneficiary rights and asset management plans	22,823.0	14.9	23,929.4	15.6
Other investments at fair value through profit or loss	3,864.0	2.5	4,409.7	2.9
Subtotal	26,687.0	17.4	28,339.1	18.5
Other financial investments				
Fund investments	10,180.3	6.7	11,037.4	7.2
Equity investments	1,052.3	0.7	1,040.3	0.7
Subtotal	11,232.6	7.4	12,077.7	7.9
Accrued interest	2,449.2	1.6	2,632.2	1.7
Total financial investments	152,932.3	100.0	153,476.0	100.0
Less: Allowances for impairment losses	(4,565.6)		(4,449.8)	
Financial investments, net	148,366.7		149,026.2	

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; (iii) Placements with banks and other financial institutions; and (iv) Financial assets held under resale agreements.

As of June 30, 2023, the total amount of cash and balances with the central bank was RMB30,855 million, representing a decrease of RMB2,294 million or 6.9% from the end of the previous year, mainly due to the reduction of deposit reserve ratio of certain financial institutions by the People's Bank of China in the first half of the year to promote effective qualitative improvement and reasonable quantitative growth of the economy, take combination of macro policies, improve the service level for real economy, maintain reasonable and sufficient liquidity of banking system.

As of June 30, 2023, the total amount of deposits with banks and other financial institutions was RMB2,571 million, representing an increase of RMB339 million or 15.2% from the end of the previous year. The increase 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, 2023, the total amount of placements with banks and other financial institutions was RMB652 million, representing an increase of RMB234 million or 56.0% as compared with the end of last year. Such increase 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, 2023, the total amount of financial assets held under resale agreements of the Group was RMB10,928 million, representing an increase of RMB1,954 million or 21.8% as compared with the end of last year. Such increase was mainly due to the increase 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, 2023, the total liabilities of the Group were RMB455,352 million, increasing by RMB12,064 million, or 2.7% over that at the end of last year.

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

	As of June 30, 2023		As of December 31, 2022	
	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	19,060.7	4.2	12,841.0	2.9
Customer deposits	377,801.1	83.0	377,340.0	85.1
Deposits from banks and other financial institutions	12,386.5	2.7	12,111.0	2.7
Placements from banks and other financial institutions	4,716.3	1.0	6,145.2	1.4
Financial assets sold under repurchase agreements	11,784.6	2.6	1,700.2	0.4
Debt securities issued	25,818.9	5.7	28,799.7	6.5
Other liabilities ⁽¹⁾	3,783.6	0.8	4,350.2	1.0
Total liabilities	455,351.7	100.0	443,287.3	100.0

Note:

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

Management Discussion and Analysis

4.2.1 Customer deposits

As of June 30, 2023, the Group recorded total customer deposits of RMB377,801 million, which basically kept flat with the end of last year.

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

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Demand deposits				
Corporate customers	113,673.8	30.1	120,221.9	31.9
Individual customers	24,181.7	6.4	26,658.1	7.0
Subtotal	137,855.5	36.5	146,880.0	38.9
Time deposits				
Corporate customers	61,358.0	16.2	51,741.6	13.7
Individual customers	134,085.6	35.5	127,081.0	33.7
Subtotal	195,443.6	51.7	178,822.6	47.4
Pledged deposits	32,200.7	8.5	39,893.6	10.6
Convertible negotiated deposits	2,000.0	0.5	2,000.0	0.5
Other deposits⁽¹⁾	179.0	0.1	470.2	0.1
Accrued interest	10,122.3	2.7	9,273.6	2.5
Total customer deposits	377,801.1	100.0	377,340.0	100.0

Note:

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

4.2.2 Deposits from banks and other financial institutions

As of June 30, 2023, the balance of the Group's deposits from banks and other financial institutions was RMB12,387 million, increasing by RMB276 million, or 2.3% from that at the end of last year, mainly due to the Group's strategic adjustment on the financing structure portfolio, and properly increased deposits from banks and other financial institutions.

Management Discussion and Analysis

4.2.3 Borrowings from the central bank

As of June 30, 2023, the balance of the Group's borrowings from the central bank was RMB19,061 million, representing an increase of RMB6,220 million or 48.4% as compared with the end of last year. The increase was primarily due to the fact that the Group increased medium-term lending facilities to support the development of real economy.

4.2.4 Financial assets sold under repurchase agreements

As of June 30, 2023, the Group's financial assets sold under repurchase agreements valued RMB11,785 million, representing an increase of RMB10,084 million or 593.1% 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, 2023, the Group's debt securities issued was RMB25,819 million, decreasing by RMB2,981 million or 10.4% as compared to the end of last year, which was primarily due to (i) the Group's enhancement of the active management on interbank liabilities and adjustment of the issuance of interbank negotiable certificates of deposit; and (ii) exercise the redemption option of certain tier-two capital bonds issued.

4.3 Equity

As of June 30, 2023, the total equity of the Group was RMB37,139 million, increasing by RMB722 million or 2.0% over that at the end of last year; the equity attributable to equity holders of the Bank was RMB36,341 million, increasing by RMB714 million or 2.0% 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, 2023		As of December 31, 2022	
	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	6.5	2,407.4	6.6
Other equity instruments	6,997.8	18.8	6,997.8	19.2
Share premium	8,152.3	22.0	8,152.3	22.4
Surplus reserve	4,460.9	12.0	4,460.9	12.2
General reserve	5,313.2	14.3	5,313.2	14.6
Investment revaluation reserve	429.9	1.2	61.7	0.2
Retained earnings	8,579.7	23.1	8,234.3	22.6
Equity attributable to equity holders of the Bank	36,341.2	97.9	35,627.6	97.8
Non-controlling interests	797.3	2.1	788.6	2.2
Total equity	37,138.5	100.0	36,416.2	100.0

Management Discussion and Analysis

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, 2023	As of December 31, 2022
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Credit commitments		
Acceptances	52,180.3	50,473.0
Unused credit card commitments	23,909.5	23,093.1
Letters of credit	22,602.0	18,207.4
Guarantees and letters of guarantees	16,486.1	16,401.7
Total	115,177.9	108,175.2

As of June 30, 2023, the Group's off-balance sheet commitments was RMB115,178 million, representing an increase of RMB7,003 million or 6.5% as compared to the end of the previous year, which was mainly due to the growth of acceptances and letters of credit business. For details on off-balance sheet commitments, please refer to Note "Contingent liabilities and commitments" to the financial statements of 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 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.

Management Discussion and Analysis

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, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Normal	274,700.6	93.77	262,127.4	93.89
Special mention	12,221.4	4.17	11,967.3	4.29
Substandard	1,924.4	0.66	1,941.1	0.70
Doubtful	1,522.6	0.52	912.6	0.33
Loss	2,574.2	0.88	2,216.9	0.79
Gross loans and advances to customers	292,943.2	100.00	279,165.3	100.00
Non-performing loan ratio⁽¹⁾		2.06		1.82

Note:

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

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB286,922 million, accounting for 97.94%, among which, total non-performing loans amounted to RMB6,021 million, the non-performing loan ratio was 2.06%, representing an increase of 0.24 percentage points as compared to the end of the previous year.

Management Discussion and Analysis

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, 2023				As of December 31, 2022			
	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	97,664.1	33.3	3,153.8	3.23	95,868.6	34.3	3,117.1	3.25
Fixed asset loans	52,432.7	17.9	583.5	1.11	45,648.5	16.4	296.2	0.65
Trade finance loans	20,951.9	7.2	165.1	0.79	17,754.2	6.4	0.4	-
Others ⁽¹⁾	3,652.4	1.2	270.5	7.41	3,156.0	1.1	150.7	4.78
Subtotal	174,701.1	59.6	4,172.9	2.39	162,427.3	58.2	3,564.4	2.19
Retail loans and advances								
Residential mortgage loans	34,207.8	11.7	386.1	1.13	34,918.0	12.5	277.7	0.80
Personal loans for business purposes	36,098.2	12.3	918.6	2.54	35,744.4	12.8	795.3	2.22
Personal loans for consumption	19,772.0	6.7	371.2	1.88	18,311.7	6.6	306.1	1.67
Credit card	6,026.5	2.1	172.4	2.86	6,657.6	2.4	127.1	1.91
Subtotal	96,104.5	32.8	1,848.3	1.92	95,631.7	34.3	1,506.2	1.58
Discounted bills	22,137.6	7.6	-	-	21,106.3	7.5	-	-
Gross loans and advances to customers	292,943.2	100.0	6,021.2	2.06	279,165.3	100.0	5,070.6	1.82

Note:

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

Management Discussion and Analysis

As of June 30, 2023, the balance of corporate loans and advances of the Group amounted to RMB174,701 million, representing an increase of RMB12,274 million as compared to the end of the previous year; the non-performing loan balance of corporate loans and advances of the Group amounted to RMB4,173 million, representing an increase of RMB609 million as compared to the end of the previous year; the non-performing loan ratio of the corporate loans and advances of the Group increased by 0.20 percentage points as compared to the end of the previous year to 2.39%.

As of June 30, 2023, the balance of retail loans and advances of the Group amounted to RMB96,105 million, representing an increase of RMB473 million as compared to the end of the previous year; the non-performing loan balance of retail loans and advances of the Group amounted to RMB1,848 million, representing an increase of RMB342 million as compared to the end of the previous year; the non-performing loan ratio of retail loans and advances of the Group increased by 0.34 percentage points as compared to the end of the previous year to 1.92%.

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

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, 2023				As of December 31, 2022			
	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)								
Manufacturing	40,056.0	13.6	430.9	1.08	32,740.7	11.7	173.1	0.53
Wholesale and retail	28,336.5	9.7	684.8	2.42	24,668.7	8.8	672.9	2.73
Real estate	23,934.5	8.2	1,041.2	4.35	25,784.2	9.2	500.5	1.94
Construction	20,894.3	7.1	266.9	1.28	21,016.7	7.5	243.7	1.16
Leasing and commercial services	18,311.7	6.3	752.5	4.11	18,525.3	6.6	758.9	4.10
Water conservancy, environment and public utility management	12,716.5	4.3	1.5	0.01	12,027.4	4.3	1.5	0.01
Education	6,065.1	2.1	7.4	0.12	5,116.4	1.8	2.9	0.06
Agriculture, forestry, animal husbandry and fishery	5,345.5	1.8	169.7	3.17	4,943.6	1.8	41.5	0.84
Finance	4,648.1	1.6	3.7	0.08	2,954.2	1.1	3.7	0.13
Health and social work	4,212.7	1.4	11.9	0.28	4,474.4	1.6	8.9	0.20
Mining	2,679.3	0.9	3.0	0.11	2,173.7	0.8	3.6	0.17
Production and supply of electricity, heating, gas and water	1,967.7	0.7	183.1	9.31	2,275.6	0.9	185.9	8.17
Accommodation and catering	1,711.7	0.6	188.8	11.03	1,623.7	0.6	184.5	11.36
Transportation, storage and postal services	1,280.9	0.4	336.5	26.27	1,909.3	0.7	688.6	36.07
Residential services, repairing and other services	1,045.0	0.4	0.1	0.01	946.2	0.3	3.3	0.35
Information transmission, software and information technology services	660.1	0.2	10.6	1.61	538.4	0.2	7.4	1.37

Management Discussion and Analysis

	As of June 30, 2023				As of December 31, 2022			
	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)								
Culture, sports and entertainment	440.5	0.2	64.6	14.67	422.2	0.2	69.6	16.49
Scientific research and technical services	388.0	0.1	15.7	4.05	247.3	0.1	13.9	5.62
Public administration, public security and social organisations	7.0	-	-	-	39.3	-	-	-
Total corporate loans and advances	174,701.1	59.6	4,172.9	2.39	162,427.3	58.2	3,564.4	2.19
Total retail loans and advances	96,104.5	32.8	1,848.3	1.92	95,631.7	34.3	1,506.2	1.58
Discounted bills	22,137.6	7.6	-	-	21,106.3	7.5	-	-
Gross loans and advances to customers	292,943.2	100.0	6,021.2	2.06	279,165.3	100.0	5,070.6	1.82

Note:

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

As of June 30, 2023, the Group's non-performing loans of corporate loans and advances were primarily from: (i) real estate; (ii) leasing and commercial services; and (iii) wholesale and retail, the non-performing loan ratios of which were 4.35%, 4.11% and 2.42%, respectively.

Management Discussion and Analysis

As of June 30, 2023, the Group's non-performing loan balance of real estate was RMB1,041 million, increasing by RMB541 million from the end of last year, and the non-performing loan ratio increased by 2.41 percentage points as compared to the end of the previous year.

As of June 30, 2023, the Group's non-performing loan balance of leasing and commercial services was RMB753 million, decreasing by RMB6 million from the end of last year, and the non-performing loan ratio increased by 0.01 percentage points as compared to the end of the previous year.

As of June 30, 2023, the Group's non-performing loan balance of wholesale and retail was RMB685 million, increasing by RMB12 million from the end of last year, and the non-performing loan ratio decreased by 0.31 percentage points as compared to the end of the previous year.

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, 2023				As of December 31, 2022			
	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)								
Collateralized loans	99,994.2	34.1	3,592.9	3.59	102,803.0	36.8	2,671.4	2.60
Guaranteed loans	86,410.4	29.5	860.4	1.00	77,518.0	27.8	619.5	0.80
Pledged loans	59,211.7	20.2	698.4	1.18	54,083.5	19.4	1,030.1	1.90
Unsecured loans	47,326.9	16.2	869.5	1.84	44,760.8	16.0	749.6	1.67
Total	292,943.2	100.0	6,021.2	2.06	279,165.3	100.0	5,070.6	1.82

Note:

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

Management Discussion and Analysis

As of June 30, 2023, the Group's non-performing loan balance of collateralized loans increased by RMB922 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.99 percentage points; the Group's non-performing loan balance of guaranteed loans increased by RMB241 million as compared to the end of last year, and the non-performing loan ratio increased by 0.20 percentage points; the Group's non-performing loan balance of unsecured loans increased by RMB120 million as compared to the end of last year and the non-performing loan ratio increased by 0.17 percentage points. Such increase was mainly due to the weakened repayment ability of some customers.

As of June 30, 2023, the Group's non-performing loan balance of pledged loans decreased by RMB332 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.72 percentage points, primarily because the Group step up the efforts on the write-off of such non-performing loans.

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, 2023				As of December 31, 2022			
	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)								
Jiangxi Province	243,907.7	83.3	4,434.7	1.82	231,408.7	82.9	3,799.0	1.64
Including: Jiujiang City	92,800.6	31.7	1,685.6	1.82	87,429.6	31.3	1,801.1	2.06
Guangdong Province	23,491.3	8.0	638.7	2.72	23,210.6	8.3	605.3	2.61
Anhui Province	15,902.8	5.4	726.0	4.57	15,318.2	5.5	465.2	3.04
Others ⁽¹⁾	9,641.4	3.3	221.8	2.30	9,227.8	3.3	201.1	2.18
Total	292,943.2	100.0	6,021.2	2.06	279,165.3	100.0	5,070.6	1.82

Note:

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

Management Discussion and Analysis

As of June 30, 2023, the Group's loans released in Jiangxi Province amounted to RMB243,908 million, representing an increase of RMB12,499 million as compared to the end of the previous year, accounting for 83.3% of gross loans and advances to customers of the Group. Among which, the Group's loans released in Jiujiang City amounted to RMB92,801 million, representing an increase of RMB5,371 million as compared to the end of the previous year. Meanwhile, the Bank's non-performing loan balance of Jiangxi Province increased by RMB636 million as compared to the end of last year and the non-performing loan ratio increased by 0.18 percentage points, which was primarily due to the weakened repayment ability of some customers.

6.6 Borrower concentration

As of June 30, 2023, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

As of June 30, 2023, the Group's loan balance to the largest single borrower amounted to RMB2,662 million, representing 0.91% of the Group's total loans and accounting for 6.31% of the Group's net capital; the loan balance to the ten largest single borrowers amounted to approximately RMB13,852 million, representing 4.73% of the Group's total loans, and accounting for 32.86% of the Group's net capital, all of which met the regulatory requirements.

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, 2023		
	Loan balance	% of total loans	% of net capital
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Borrower A Manufacturing	2,661.5	0.91	6.31
Borrower B Water conservancy, environment and public utility management	1,799.0	0.61	4.27
Borrower C Manufacturing	1,576.8	0.54	3.74
Borrower D Health and social work	1,500.0	0.51	3.56
Borrower E Real estate	1,440.0	0.49	3.42
Borrower F Water conservancy, environment and public utility management	1,160.0	0.40	2.75
Borrower G Construction	1,000.0	0.34	2.37
Borrower H Real estate	967.6	0.33	2.30
Borrower I Wholesale and retail	876.8	0.30	2.08
Borrower J Real estate	870.0	0.30	2.06
Total	13,851.7	4.73	32.86

Management Discussion and Analysis

6.7 Management of large risk exposure

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

6.8 Overdue loans

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

	As of June 30, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	283,654.2	96.8	273,873.8	98.1
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	4,537.4	1.5	1,477.3	0.5
3 months to 1 year (inclusive)	2,535.1	0.9	2,331.7	0.9
1 to 3 years (inclusive)	1,950.4	0.7	1,234.5	0.4
Over 3 years	266.1	0.1	248.0	0.1
Subtotal	9,289.0	3.2	5,291.5	1.9
Gross loans and advances to customers	292,943.2	100.0	279,165.3	100.0

Note:

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

Management Discussion and Analysis

As of June 30, 2023, the gross overdue loans amounted to RMB9,289 million, representing an increase of RMB3,998 million as compared to the end of last year; overdue loans accounted for 3.2% of gross loans and advances to customers, representing an increase of 1.3 percentage points as compared to the end of 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.

6.9 Changes in allowance for impairment losses on loans

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

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

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

	As of June 30, 2023	As of December 31, 2022
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Balance at the beginning of the year	8,761.7	7,531.4
Provision for the period/year	2,084.2	4,462.0
Write-offs and transferred out for the period/year	(1,268.2)	(3,385.1)
Recoveries of write-offs for the period/year	68.0	153.4
Balance at the end of the period/year	9,645.7	8,761.7

Management Discussion and Analysis

As of June 30, 2023, the Group's allowance for impairment losses on loans amounted to RMB9,646 million, representing an increase of RMB884 million or 10.1% 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.

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, 2023		As of June 30, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	4,715.5	89.7	4,578.2	87.9
Guangdong Province	224.9	4.3	312.6	6.0
Anhui Province	230.2	4.4	220.3	4.2
Other areas ⁽¹⁾	84.8	1.6	101.0	1.9
Total operating income	5,255.4	100.0	5,212.1	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, 2023		As of June 30, 2022	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking	2,633.6	50.1	2,115.1	40.6
Retail banking	1,535.4	29.2	1,574.3	30.2
Financial market business	1,535.4	29.2	1,470.5	28.2
Unallocated ⁽¹⁾	(449.0)	(8.5)	52.2	1.0
Total operating income	5,255.4	100.0	5,212.1	100.0

Note:

(1) Consists primarily of income and expenses that are not directly attributable to any specific business 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, 2023, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 12.10%, 10.60% and 8.00%, respectively; capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio decreased by 0.52 percentage points, 0.01 percentage points and increased by 0.07 percentage points respectively as compared to the end of the previous year, which met the requirements of the Administrative Measures for Capital of Commercial Banks (Trial).

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) is as follows:

	As of June 30, 2023	As of December 31, 2022
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Core tier-one capital	29,664.5	28,935.4
Deductions of core tier-one capital	(1,798.9)	(2,152.6)
Net core tier-one capital	27,865.6	26,782.8
Other tier-one capital	9,040.7	9,038.6
Net tier-one capital	36,906.3	35,821.4
Tier-two capital	5,243.6	6,772.6
Net capital base	42,149.9	42,594.0
Total risk-weighted assets	348,217.9	337,617.1
Core tier-one capital adequacy ratio (%)*	8.00	7.93
Tier-one capital adequacy ratio (%)*	10.60	10.61
Capital adequacy ratio (%)*	12.10	12.62

Note:

- * On July 26, 2023, the issuance of H Shares was completed, and the Bank issued 75 million H Shares with a par value of RMB1.00 at an offering price of HK\$9.79 per H Share. On September 19, 2023, the Bank completed the issuance of Domestic Shares under the Specific Mandate, and issued additional 365 million Domestic Shares with a par value of RMB1.00 at an offering price of RMB8.93 per Domestic Share. Accordingly, the registered capital and share capital of the Bank will increase to RMB2,847.37 million and 2,847.37 million shares, respectively, and the capital adequacy ratio of the Group is expected to increase 100 BPs to 130 BPs accordingly.

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 the Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised). As of June 30, 2023, the Group's leverage ratio, calculated in accordance with the Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised), was 6.51%, which met the requirements of the national financial regulatory institution.

Item	As of June 30, 2023	As of December 31, 2022
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net tier-one capital	36,906.3	35,821.4
Adjusted balance of on-balance and off-balance sheet assets	566,551.6	548,749.6
Leverage ratio	6.51%	6.53%

Management Discussion and Analysis

9. Business operations

9.1 Corporate financing business

Adhering to the gist of macro policies, the Bank gave full play to the driving role of financial institutions, increased the lending for key areas, continuously improve the quality and efficiency of the service and strived to promote the high-quality development of the real economy.

Strengthen accountability and persist in serving the real economy without slackness. The Bank strengthened guidance of assessments, adhered to the guidance of party building, and increased credit issuance to small and micro enterprises and manufacturing industry through multiple channels. Firstly, the loans to the manufacturing sector grew significantly. As at the end of June 2023, the Bank's balance of loans to the manufacturing sector was RMB40,056 million, representing an increase of RMB7,315 million or 22.34% as compared with the end of the previous year. Secondly, the “two increases” corporate loans increased steadily. As at the end of June 2023, according to the regulatory standards, the balance of the “two increases” corporate loans amounted to RMB23,281 million, representing an increase of RMB1,890 million as compared with the end of the previous year. The number of accounts receiving the “two increases” corporate loans was 5,555, an increase of 319 accounts from the beginning of the year. Thirdly, the Bank increased the re-loans issue for eligible small businesses to enterprises. 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, focusing on supporting small and micro enterprises. In the first half of 2023, the Bank issued a total of RMB10,292 million of loans under the policy of re-loans for eligible small businesses to 18,764 accounts.

Adapt to the situation and accelerate the pace of digital transformation of corporate banking. Firstly, the Bank broaden the business coverage and strengthen the execution and application of electronic contracts. The Bank launched the online signing of contracts for corporate products, such as loans for working capital, loans for fixed assets, housing development loan, bank's acceptance bill and letters of credit, and continuously improved the system experience and promoted the online utilization rate by increasing survey, strengthening empowerment and holding thematic meeting. Secondly, the Bank realized the online scoring of “technology flow” and break through the measurement bottleneck of scientific and technological enterprises. The Bank could directly declare the “technology flow” schemes of scientific and technological enterprises online, optimize the logic of customer evaluation and quota calculation, and break through the credit bottleneck of “fund flow” calculation of scientific and technological enterprises.

Management Discussion and Analysis

Use data to empower business expansion and improve quality and efficiency. Firstly, the Bank promoted the cooperation among “enterprises, universities and research institutions”. The Bank and Jiangxi Puhui Credit Information Co., Ltd. (江西普惠微信有限公司) jointly established a big data laboratory to deepen the integration of credit information and financial innovation, and based on their respective advantages, explored at greater depths the innovative application of credit data in the whole process of credit granting. Secondly, the Bank revitalized the internal and external data. The Bank deeply explored the information value of external data and intra-bank data, promoted the integration and application of data, formulated targeted marketing strategies for different scenarios, and empowered front-line customer service to improve quality and efficiency, thus enhancing the accuracy of financial services and the sense of financing acquisition of small and micro enterprises.

Trading and Financial Business

In the first half year, for the trading and financial business, the Bank focused on implementing policies, improving quality and efficiency, conducting innovation and empowerment, and urging entities to make clear the working ideas of “Three stresses and One Promotion”, which made its development tenacity and business vitality steadily enhanced.

Lead as the center and raise the policy implementation to a new height. The Bank played a connecting role of local corporate banks in implementation of major and key macro policies, and included cross-border RMB work in the assessment of party building work, achieving a year-on-year increase in settlement volume of 74.07%. The Bank included two macro-prudential foreign exchange management tasks, namely, exchange rate risk management of enterprises and application of cross-border financial service platforms, into the evaluation system, and the effectiveness of the work ranked in the forefront of major foreign exchange banks in Jiangxi Province.

Drive by innovation and explore the new kinetic energy serving entities. The Bank implemented the innovation-driven strategy, supported the development of the real economy in a diversified and multi-level way, and increased the on-balance-sheet and off-balance-sheet investment by more than RMB9 billion. The Bank deeply empowered regional industries, and the scale of the first industrial scenario such as non-ferrous metals exceeded RMB8 billion, and continued to grow. The Bank accelerated its investment in key areas such as manufacturing, inclusive small and micro enterprises and green finance, with growth rates of 88.56%, 106.47% and 129.46% respectively, which enhanced its support capacity.

Management Discussion and Analysis

Take demand as a guide and stimulate new ideas of digital construction. Taking the market demand as the breakthrough point, the Bank deeply optimized the digital engine, and a number of key domestic trade financing products have been put into production through electronic contracts, greatly improving the business efficiency. The Bank completed the interconnection of all-electric invoice module of the digital supply chain financial service platform of the People's Bank of China in the first batch in China, responding to market demand quickly. As the first local corporate bank in Jiangxi Province to access the single window of international trade in China, the Bank had a stronger grip on “stabilizing foreign trade”.

Strengthen the support of platform and lay out new methods of customer group management. The Bank earnestly promoted the customer group management in the whole life cycle, and added more than 1,100 customer group labels for cross-border business based on the intelligent marketing operation platform, making the management more accurate. The “international + domestic + supply chain” customer group structures continued to be stable, and the three types of customer groups achieved year-on-year growths of 37.98%, 44.87% and 37.84% respectively, maintaining a coordinated growth trend.

Bill Business

The Bank has been focusing on the “bill business returning to the origin for serving the real economy”, supported the development of small and micro, green, private and supply chain enterprises, devoted to improving the customers' experience of bill financing. In the first half of 2023, bill discount serviced 760 customers, including 228 new discount customers.

Improve the market analysis ability, adjust the structure and improve the inventory income. The Bank predicted the market price trend in advance, made full use of the credit line to adjust the inventory structure and locked in the income in advance. The Bank carried out the businesses of purchase under resale agreements and sell under repurchase agreements to reduce the costs of capital and inventory.

Implement the business of credit enhancement of bills and solve the problem of difficult financing for enterprises. The Bank served the industrial chain and supply chain enterprises by means of “bill + scenario”, mainly in eight fields, such as factoring, building materials and manufacturing. In the first half of 2023, the number of customers served by the business of credit enhancement of bills was 139, which effectively reduced the financing costs of enterprises in the industrial chain and steadily promoted the bill business to serve the development efficiency of entity enterprises.

Management Discussion and Analysis

Optimize the function of bill pool to solve the demand of bill circulation. The Bank's bill financing business of "Jiuyin Pool" focused on serving the physical manufacturing industry in the industrial chain, providing convenient and flexible comprehensive bill services such as bill custody, bill splitting and bill exchange for core enterprises. In the first half of 2023, the accumulated contracted amount reached RMB1.726 billion.

Implement the strategy of "Digital Jiuyin" and improve the experience of using bills for enterprises. The Bank optimized the functions related to the bank's acceptance bill business, and realized the rapid issuance of bank bills and automatic prompt payment response. The bill business contract was put into operation online and orderly, and all of them have been signed online. The bill business was interconnected with the pre-review platform to realize the forward movement of customer risk management and control.

Strictly guard against bill market risks and promote the reconstruction of credit risks. The Bank actively responded to the market changes after the new regulations on bills, promoted the revision of relevant management measures for bill business, urgently reformed relevant systems, and guided institutions to conduct the bill business in compliance with laws and regulations.

Investment Banking Business

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

Take the efficiency as the goal and introduce bond deposits. The Bank expanded corporate deposits in multiple dimensions by means of bond underwriting, fund supervision, special bond consultancy services and agency sales to reduce capital consumption, cooperated with branches and sub-branches, and introduced bond deposits of RMB26 billion.

Take the brand as the guide and expand the main underwriting business. In the first half of 2023, the proportion of projects led and underwritten by the Bank increased steadily, and the number of bond issuance customers served by the Bank in the province increased year-on-year. The number of customers with AA+ rating and above accounted for more than 50%, and the overall quality of customers was improved significantly, thus further enhancing the professional brand image of the Bank.

Management Discussion and Analysis

Take service as the orientation and continue to properly conduct the special bond advisory business. The Bank further consolidated the special bond advisory services in all counties and districts of the province, explored and promoted the chain marketing of special bonds, and attempted to provide comprehensive financial services on a pilot basis. The Bank carried out special bond advisory services in 7 cities and 33 counties and regions in the province, explored the chain marketing of special bonds in De'an, Ruichang and other places, and tried comprehensive financial services in Shangrao, Pingxiang and other regions, and its service capability was unanimously recognized by customers.

Focus on customers and build a new business system of government credit. In order to meet the needs of the local government, state-owned platforms and industrial customers, the Bank focused on serving customers, explored to establish new government-related trust business including consultation and advisory, risk resolution and attracting investment, which has been successfully carried out in Jingdezhen, Pingxiang and other regions.

9.2 Retail banking business

Digital empowered the real economy, and technology helped small and micro enterprises. Bank of Jiujiang adhered to the development of technology empowering businesses, and gradually realized the whole online process of the credit business, such as customer application, business approval, contract signing, mortgage handling and loan release, simplifying the workflow and improving the efficiency of lending. This year, through product iteration and function optimization, the Bank broadened the coverage of retail business and eased the problem of insufficient working capital for customers. The Bank promoted the “full circle credit granting” business, built a service scenario in inclusive finance, and realized the batch processing of the inclusive business for small and micro enterprises through market segmentation grid planning, batch information collection and evaluation, risk control access and rating strategy, proactive pre-credit and post-loan risk control management, so as to improve the service efficiency of inclusive finance. As of June 30, 2023, the balance of retail loans of the Bank amounted to RMB88,572 million, including the balance of inclusive small and micro enterprises loans of RMB25,136 million.

Management Discussion and Analysis

Improve the quality of financial services and enhance the sense of acquisition of new citizens. Based on the comprehensive analysis of new citizens' financial needs, Bank of Jiujiang launched characteristic service measures from the aspects of new citizens' entrepreneurial loans, housing finance, old-age finance, commercial insurance, fund supervision and basic finance, and carried out comprehensive publicity work to serve new citizens, actively providing new citizens with broader, deeper and better financial service guarantees in terms of entrepreneurship, employment, housing, education, medical care and elderly care. As of June 30, 2023, the Bank had served nearly 100,000 new citizens in total.

Go hand in hand online and offline to strive to improve the customer experience. In terms of electronic channels, the Bank was committed to building a mobile banking with "extreme user experience", "integration of internal and external scenarios" and "agile digital operation", building a multi-dimensional scenario ecology, promoting online handling of traditional offline business, and continuously providing better online services to customers. In terms of wealth management, the Bank's wealth management products could be operated online in the whole process, such as online risk evaluation, online application for redemption and online pledge, and the sales channels such as online banking, mobile banking, WeChat banking and comprehensive outlets were fully covered, providing diversified services for customers' purchase of wealth management products. As of June 30, 2023, the balance of the Bank's wealth management sales (including self-operated and agency sales) was RMB60,094 million, representing an increase of 10.44% as compared with the end of the previous year.

Management Discussion and Analysis

Credit Card Business

The Bank actively responded to the policy calls, gave full play to the role of credit cards in “expanding domestic demands, promoting consumption and boosting economic development”, and provide solid services to the real economy and the people’s better life. As at the end of June 2023, the Bank issued 1,109,400 credit cards on an accumulative basis, representing an increase of 4.64% as compared to the end of last year. The overall operation of the credit card business maintained steady.

Technology empowered innovation to enhance the independent ability. The Bank continued to improve the technological innovation and application capabilities of credit card finance, accelerated the pace of digital transformation and enhanced the core competitiveness. In terms of products, the Bank deepened the hierarchical operation of customer groups and reconstructed the product matrix of credit cards and consumer loans in order to meet the diversified needs of customers. The Bank customized new products such as “Good Car Card” and “Truck ETC” for car owners and customers around the automobile ecosystem. In terms of risk control, the Bank reshaped the risk management culture, optimized the pre-lending due diligence process, strengthened the intelligent risk control of big data, improved the risk post-supervision mechanism, and gradually realized the independent risk control of the whole process by establishing a four-tier risk prevention and control system.

Practice the inclusive finance to help the recovery of consumption. The Bank further promoted the operation of customer groups by branches, actively expanded financing channels for new citizens, reduced the financing costs of new citizens’ start-ups, and introduced preferential interest rate policies to practice inclusive finance. In order to help upgrade consumption quality, the Bank took practical actions as a fuel for “hustle and bustle”, comprehensively covered the consumption scenarios closely related to daily life such as “drinking, eating, shopping and traveling” to carry out credit card preferential activities around the brand concept of “an ideal life is infinitely beautiful”, and focused on “food, tourism” to expand the local small and medium-sized preferential merchants, which has reached more than 7,000, effectively stimulating consumption potential and fully supporting the local economy.

9.3 Financial market business

In the first half of 2023, the financial market business followed the guidance of macro policies, firmly implemented regulatory requirements, thus achieving high-quality and stable development.

Continuously optimize the business structure. As at the end of June 2023, the proportion of the standardized business in the investment business of the Bank increased from 79.1% as at the beginning of the year to 80.3%, representing an increase of 1.2 percentage points, of which the proportion of the bond business increased from 71.9% at the end of the previous year to 73.6%, representing an increase of 1.7 percentage points; the non-standard business decreased orderly, and the proportion of the non-standard business decreased from 18.5% at the end of the previous year to 17.4%, representing a decrease of 1.1 percentage points.

Management Discussion and Analysis

Make breakthrough in digital transformation. The Bank developed the layout around building a digital, scientific and intelligent transaction-based bank, optimized and quantitated trading system, and realized automated quotation for bonds; made full use of intelligent investment decision-making system, realized the synergy of internal and external double ratings of bond investment, and enhanced the digital risk control capability.

Harvest in reputation and honors. The Bank won the Core Dealer in Interbank Local Currency Markets and the “Top 100 Proprietary Dealer” by China Central Depository & Clearing Co., Ltd. for five consecutive years; the Bank also won the X-repo Market Innovation Award in interbank local currency markets for four consecutive years. The Bank was awarded the “Excellent Underwriting Institution” and the “Best City Commercial Bank” for 2022 by Agricultural Development Bank of China, and won the two awards of “Excellent Market Maker” and the “Best Innovative Cooperation Award” for the first time. The Bank won the title of the “Excellent Market Maker” in the financial bond underwriting market maker group of the Export-Import Bank of China in 2022, and the honorary title of “Core Underwriter” granted by the Export-Import Bank of China for two consecutive years.

Wealth Management Business

The wealth management structure was adjusted orderly. The Bank strictly abided by the regulatory guidance, rooted on the development orientation of city commercial banks, continuously deepened the service philosophy and proactively optimized the business structure. As of June 30, 2023, the remaining balance of wealth management products was RMB39,912 million, representing a decrease of 0.04% as compared with the end of last year. The Bank guided customers to invest steadily, and the average remaining term of products increased by 1.43% compared with the end of last year, and the product structure was continuously optimized.

The product quality was improved steadily. The Bank fully implemented the people-centered development idea, and established a comprehensive product system including cash management, fixed-type, periodic and private-equity wealth management products to meet the diversified wealth management needs of customers. At the same time, the Bank refined the product quality management, built a post-evaluation mechanism for products, focused on improving the product research and development quality, helped product optimization and transformation, and strove to provide customers with better products and services.

Jiuying brand won new awards. The wealth management products of the Bank won the Golden Honor Awards of PY Standard for consecutive years. In June 2023, the Bank won the “Bank for Excellence in Investment Return” and “Excellence in Wealth Management of City Commercial Bank” in the 2023 Golden Honor Awards, and Jiuying Wealth Management Xinxiang Growth Vanilla Bonds Half-Year Dingkai No. 9 won the “Excellent Fixed Income Bank Wealth Management Product Award” in the 2023 Golden Honor Awards. The brand influence was further enhanced.

Management Discussion and Analysis

9.4 Specialty business

Inclusive Financial Business

As of June 30, 2023, the balance of the Bank's agricultural loans (according to the People's Bank of China) was RMB66,236 million, representing an increase of RMB2,386 million or 3.74% as compared to the end of last year; the loans of legal entities in the field of rural revitalization were RMB58,346 million, representing an increase of RMB2,755 million or 4.96% as compared to the end of last year. The balance of inclusive agricultural loans was RMB12,553 million, representing an increase of RMB1.04 billion or 9.03% as compared to the end of last year; 61 projects were carried out for one county and one product, serving over 13,900 customers with a loan balance of RMB11,082 million, covering planting, livestock feeding, 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, 2023, the balance of the “two increase” loan of the Bank amounted to RMB48,416 million, representing an increase of RMB2.64 billion or 5.77% as compared to the end of last year, with the growth rate higher than other loans of the Bank. There are 51,452 customers of the “two increase”, up by 348 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)” credit 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, 2023, the balance of loans amounted to RMB2,316 million, serving 12,067 customers.

Promote the construction of service stations in an orderly manner. As of June 30, 2023, the Bank had built 639 inclusive financial service stations in Jiangxi Province. In the first half of 2023, the Bank carried out 200 special promotional activities at the service stations, laying a solid foundation for further developing the customer base in rural areas.

Demonstrate the remarkable 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 “good” in the 2022 assessment results of Jiangxi financial institutions serving rural revitalization.

Management Discussion and Analysis

Green Financial Business

Increase the release of green credit and support the green transformation of enterprises.

As of June 30, 2023, the Bank's green loans grew steadily. According to the People's Bank of China on green loans, the balance of green loans of the Bank was RMB30,828 million, representing an increase of RMB4,939 million or 19.08% as compared to the end of last year; the average compound annual growth rate of green loans of the Bank for the latest five years was 111.69%, effectively serving the real economy and promoting the green transformation.

Serve key areas of carbon emission reduction and expand low-cost financing channels.

In January 2023, the Bank was selected as one of the first batch of expanded financial institutions supporting carbon emission reduction tools by the People's Bank of China. Focusing on key areas of carbon emission reduction, the Bank issued special support policies to fully promote low-cost funds for carbon emission reduction to reach low-carbon areas. As of June 30, 2023, the Bank had successively supported the construction of 7 carbon emission reduction projects in Jiujiang, Ganzhou, Shangrao, Pingxiang and other cities with districts, and invested a total of RMB350 million in carbon emission reduction loans.

Create transformational financial products to promote green industrial upgrading.

Focusing on carbon saving in production structure, the Bank launched special financial products for transformation, namely "Carbon-Efficient Loan" and "Digital and Carbon Integration", in Hukou County, Jiujiang City and Luxi County, Pingxiang City, pilot cities of transformation finance in Jiangxi Province, linked the loan pricing with the carbon emission performance of enterprises, and effectively guide industrial enterprises to save energy and reduce carbon. By focusing on carbon reduction in energy consumption structure and aiming at industrial and commercial distributed photovoltaic, the Bank launched a special green financial product "Photovoltaic Loan" to support the construction of distributed photovoltaic power stations. As of June 30, 2023, the "Photovoltaic Loan" has granted the loans totaling RMB360 million, and the "Carbon-Efficient Loan" and the "Digital and Carbon Integration" have granted the loans totaling RMB51.8 million.

Promote multi-party cooperation and support the sustainable development of the economy.

As the first city commercial bank in mainland China to join the Partnership for Carbon Accounting Financials (PCAF), the Bank explored the use of PCAF methodology to carry out carbon accounting in the investment and finance fields. As the only corporate bank in Jiangxi Province to join Jiangxi New Energy Industry Association, the Bank actively cooperated with the Department of Industry and Information Technology of Jiangxi Province and Jiangxi New Energy Industry Association to jointly promote activities such as Jiangxi New Energy Development Forum and support expanding and strengthening the new energy industry in Jiangxi Province.

Management Discussion and Analysis

Automobile Finance Business

Optimize industrial distribution and bring forth new ideas for scenario finance. The number of core manufacturers and customers continued to increase, and the Bank established cooperation with certain OEMs such as Kaiyi Auto, Shaanxi Heavy Duty and BAIC Trucks, with the automobile financial service covering 9 automobile companies, 20 automobile brands and more than 800 automobile dealers, and an increase of 17.63% and 39.13% in the number of brand and dealers, respectively, which show the remarkable effect of scenario finance. The Bank established a special scenario finance team, specially built the automobile industry scenarios such as centralized purchasing, ride hailing and auto insurance through an innovative financial mechanism, and built a financial ecological environment of “non-standard” scenarios. At present, the Bank has gradually signed relevant business cooperation agreements with domestic head OEMs, with an initial investment of more than RMB300 million.

Adhere to the digital transformation and promote the risk reconstruction. By promoting the process of digital intelligence, such as electronic contract signing, digital camera platform (nine-digital big screens) and direct connection with auto financial service platform manufacturers, the Bank has initially realized the online, visual and refined management of the whole business process and continuously improved the efficiency, and the average number of accounts managed exceeding 70. By decomposing and evaluating each business node, the Bank established the whole process risk management system of the division, accelerated the risk reconstruction progress, realized risk early warning closed-loop management, adjusted manual management to system control, changed passive inspection to active management, successfully handled 1,403 warning messages, resolved 78 risk warnings, and voluntarily withdrew from more than 20 high-risk stores, truly responding risks quickly, resolving risks in time, effectively preventing potential business risks, and comprehensively improving the management level and service efficiency.

9.5 Subsidiaries business

9.5.1 Businesses of controlling subsidiaries

As at the end of June 2023, 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 RMB16,517 million, representing an increase of 1.17% as compared to the end of last year. The total loans (including discounting) amounted to RMB9,581 million whereas the balance of deposits amounted to RMB13,927 million, representing an increase of 1.64% as compared to the end of last year; in the first half of 2023, 18 controlling county banks realized net profit of RMB58 million.

Management Discussion and Analysis

9.5.2 Companies in which the Bank has shareholdings

As at the end of June 2023, 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 RMB5,083 million. The total loans (including discounting) amounted to RMB4,002 million whereas the total deposits amounted to RMB4,061 million; in the first half of 2023, the net profit of the 2 county banks in which the Bank has shareholdings was RMB32 million.

10. Development strategy

The year 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, the crucial year of forming a connecting link between the preceding and the following to implement the “14th Five-Year Plan”, and the crucial year for the transformation and development of the Bank of Jiujiang. In 2023, the working theme of the Bank is to consolidate the customer base, improve the revenue and profit, deepen the structural adjustment, and work together to promote the high-quality and sustainable development of the Bank of Jiujiang.

Always adhere to the leadership of Party building. The Bank will thoroughly study, publicize and implement the spirit of the 20th National Congress of the Communist Party of China, unswervingly implement the important arrangements of the Central Economic Work Conference, adhere to the general tone of “stability first, seeking progress while maintaining stability”, and fulfill the social responsibility of financial enterprises.

Always adhere to the principle of “anchoring the Bank with deposits, managing the Bank with strict discipline, running the Bank with diligence and thriftiness, propelling the Bank with digit and empowering the Bank with talents”. The Bank will consolidate the deposit base, vigorously adjust the deposit structure, improve the risk management level of the Bank, strengthen the construction of three lines of defense, and continue to implement the requirement of “compliance priority”. The Bank will control the six main costs, promote the construction of work style in a down-to-earth manner, and make detailed discipline inspection and supervision while strengthening self-inspection. The Bank will continue to optimize the quality and efficiency of financial services, establish an external digital environment for digital analysis and decision-making around “Digital Jiuyin”, and accurately evaluate the marketing efficiency, middle-office efficiency and post-loan results by using digit. The Bank will accurately identify the professional ability level and work style characteristics of all employees, organically combine the individual development will with the development direction of the organization, and give full play to the individual subjective initiative.

Management Discussion and Analysis

Always insist on creating value for customers. The Bank will stick to the “twelve-character policy”, constantly consolidate the customer base, deepen the structural adjustment, increase support for the real economy, vigorously promote the service model of “industry + technology + finance” and promote the in-depth integration of industry and finance. On the basis of understanding and being familiar with the industry, the Bank will explore the high-cost and low-efficiency links, reduce costs and increase efficiency through market means and technical means, continuously create value for customers, and strive to create a fully closed-loop ecology in which the production and business operation activities are not limited by funds, so as to achieve a high degree of matching between funds and production processes.

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 and risk managers, which is a top-to-bottom and bank-wide risk management structure.

The Board assumes the ultimate responsibilities in respect of the comprehensive risk management in accordance with the Articles of Association and regulatory requirements. The Risk Management Committee under the Board is responsible for reviewing the risk management strategies and risk appetite of the Bank, reviewing the risk organizational structure, policies and systems, supervising and evaluating the implementation of the systems and risk control, and regularly assessing the risk management status and risk tolerance. The Board of Supervisors supervises the establishment of a comprehensive risk management system and the performance of the duties of comprehensive risk management by the Board and senior management. Senior management and its sub-committees formulate and implement corresponding risk management strategies in accordance with the risk management objectives of the Board, and provide and secure resources to implement specific risk management work. The significant risk sector, consisting of the Risk Management Department, Credit Extension Department, Risk Asset Management Department and Legal and Compliance Department of the head office, 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.

Management Discussion and Analysis

The Risk Management Department of the Bank is the lead management department for credit risk, market risk 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.

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 2023, the Bank continuously increased the effort on the management and control of asset quality, strengthened risk limit management, further promoted the construction and development of credit risk management system, made the pilot and implementation of credit extension process standardized and made great efforts to implement comprehensive risk management, asset quality management and digital transformation of risk control, etc. The Bank achieved excellent results in many areas and won various honors and recognition. The Bank's asset quality has been improving steadily, and the non-performing loan ratio has been controlled within a reasonable range; the disposal of risky assets has been successfully completed, which has been fully affirmed by regulators and government authorities. The Bank gradually carries out online control of limit indicators, realizes system rigid control, strengthens limit monitoring and analysis, and promotes refined management of quotas.

In 2022, collateral registration direct connection project of the collateral management system of the Bank won the "2022 City Financial Service Excellent Case Selection" – "Top Ten Network Influence Excellent Case Award" of Clearing Center for City Commercial Banks. The Business Continuity Management Consulting and System Construction Project in 2021 won the 2022 7th IDC China Digital Transformation Future Enterprise Award. The business continuity management system the Bank has passed the business continuity management system certification of the International Standard ISO22301, and the Bank is the only city commercial bank in Jiangxi Province to pass the certification.

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

Management Discussion and Analysis

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. The audit department is responsible for the independent review and evaluation of the Bank's credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.

1. Lay stress on asset quality improvement to management and control non-performance assets in an orderly manner. The Bank continued to implement "asset quality is the lifeline" and enhanced risk identification and disposal, so that the non-performing loan ratio was controlled within a reasonable range. By formulating and improving working systems, optimising management mechanisms, applying quota management in a reasonable manner and accelerating the standardization of the whole process of credit extension, the Bank has improved the effectiveness of risk control and achieved the goal of optimising asset quality. During the reporting period, the Bank formulated administrative measures centering on risk governance organizational structure, risk management strategy, risk appetite and risk limits to build a scientific top-level framework. Through reconstruction and optimization of credit risk management mechanism, strengthening internal appraisal and improving the management process and system, and implementing credit management system, the Bank vigorously enhanced asset quality and protect the Shareholders' interests.

Management Discussion and Analysis

2. Lay stress on the improvement of basic management to strengthen credit management. The Bank optimizes the risk management framework of branches to ensure the effective implementation of risk management policies; establishes a normalized and special risk inspection work mechanism and strengthens the five-level classification management of credit to ensure the authenticity of asset quality; strengthens collateral lifecycle management to ensure the effectiveness of risk mitigation tools; organizes and carries out a lecture hall on credit capability enhancement to ensure the professionalism of risk management. It also improves the efficiency and effectiveness of overall credit management by embedding basic management tools into the information system.
3. Further promote the upgrading of digital risk control to improve the risk management capability of the whole process of credit. Oriented towards user roles, the Bank further promotes the upgrading of digital risk control such as early warning, collateral and collection, focusing on user experience and following the basic principles of business development process and business management logic. We deepen system linkage, enhance cross-system interaction, increase usage scenarios to improve operational efficiency and operational experience, restructure the single series risk control process into a “series + parallel” risk control process, and improve the risk management capability of the whole process of credit. We increase the introduction and application of new technologies, communicate, make decisions, and carry out risk control using data, and improve the digital and intelligent level of credit business development and risk control.

11.3 Market risk management

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

Management Discussion and Analysis

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.

The 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 the 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 is the lead management department for the Bank's operational risk management, with the Risk Management Department, Operation Management Department and other departments supporting it in collaboration.

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

1. Improve the operational risk management system. The Bank incorporated operational risk management into the comprehensive risk management system, formed a corporate governance structure where the Party Committee leads, the Board scientifically makes decisions, the senior management efficiently implements, and the Board of Supervisors strictly supervises, shaped the working landscape where the functions of the "three lines of defense" are separate and yet coordinated, coordinated and yet countervailing, countervailing and yet integrated, further clarifying the dual responsibilities where each department shall be primarily responsible in its key operational risk area, and at the same time provides relevant resources and support for other departments to manage operational risk involving its division of responsibilities and expertise, and guiding the Bank to further strengthen operational risk management, gradually perfect the complete process management including operational risk identification, monitoring, evaluation, control and mitigation and report, and establish and improve an operational risk management system that is commensurate with the nature, scale, complexity and risk characteristics of the Bank's business.
2. Effectively use operational risk tools. Relying on the internal control compliance and operational risk management system, the Bank promotes the use of three major tools: risk and control self-assessment, key risk indicators and loss event management. Firstly, we strengthened the operational risk monitoring, and monitored 48 key operational risk indicators (KRI) on a regular basis, which covered multiple key lines such as operation management, credit card, risk, information technology, financial planning, human resources, and auditing and clearly knew about the changes in operational risks in various areas based on the area and frequency of indicator abnormality and loss events. The Bank established

Management Discussion and Analysis

a quarterly monitoring mechanism for operational risks, conducted trend analysis around core indicators such as “violation rate of 1,000 persons” and “loss rate of operational risks”, deeply searched for specific problem links and put forward compliance suggestions. Secondly, we standardized the collection standards for loss events. We defined the scope of loss events, increased the scope of automatic data collection of each system, expand loss event collection channels, improved the automation of loss event collection, strengthened loss data collection (LDC), and formulated implementation action improvement plans for loss events.

3. Optimize the legal risk management model. The Bank has been consistently upholding the principle of prioritizing compliance and practicing prudent management, actively studying external laws, regulations, as well as regulatory systems and policies. The Bank has also strengthened its internalization of regulations to ensure that all business management activities comply with legal requirements. Firstly, improve legal support services. From the perspective of implementing “Xi Jinping’s Thought on the Rule of Law” and the strategy of law-based governance in an all-round way, the Bank promoted the incorporation of various business management activities into legal norms, further strengthened the construction of “Rule of Law Bank of Jiujiang”, continuously improved the demonstration mechanism for the legality of major decisions, strengthened the construction of legal risk management defense lines, and improved the governance level of the Bank according to law. The Bank monitored the changes in the legal environment such as laws, regulatory provisions, law enforcement trends, judicial policies and typical cases in real time, and continued to carry out the activity of “On-site Legal Service Day”, timely transmitted relevant legal information to business departments and branches, and put forward legal suggestions to resolve legal risks. Secondly, strengthen the legal risk warning. For the representative legal issues related to guarantee involved in the credit business, the Bank prepared the “One Hundred Questions on Legal Knowledge of Bank Guarantee” and the “One Hundred Questions and One Hundred Answers on Common Legal Consultation of the Bank of Jiujiang”. The Bank issued special legal opinions and legal compliance consultation replies for complex business consultation, and put forward targeted schemes and governance measures for solution and optimization of legal risks. Thirdly, properly provide the legal service support for adaptive adjustment of digital transformation of the Bank. According to the legal logic and structure embedded in online product arrangement and key compliance points, the Bank put forward legal optimization suggestions for key business nodes such as online subject, online authorization, transaction mode determination and electronic signing, so as to strengthen the legal risk prevention and control.

Management Discussion and Analysis

4. Enhance outsourcing risk prevention. Firstly, the Bank carried out outsourcing risk assessment, sorted out the implementation of the outsourced projects of the whole Bank, and figured out the distribution and work contents of outsourced personnel, so as to ensure the steady and sustainable development of outsourced activities. Secondly, actively carry out outsourcing consulting. The Bank conducted outsourcing management consulting with several professional consulting companies, clarified the outsourcing management framework, and sorted out the whole life cycle management process of outsourcing management. Thirdly, strictly carry out outsourcing review. The Bank reviewed the contracts for outsourcing projects and continuously revised the format text of the outsourcing contract.

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. The 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.

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 the 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 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 the Bank's liquidity risk management activities.

Management Discussion and Analysis

During the reporting period, the Bank managed liquidity risk mainly through the following measures. Firstly, the Bank continuously optimized the capital position management system to improve the refinement of day-to-day liquidity control. Secondly, the Bank improved its liquidity management system and optimised its organizational structure and processes to further improve the Bank's liquidity risk management system and mechanism. Thirdly, the Bank stressed main responsibilities, strengthened the daily coordination of liquidity risk, 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. Fourthly, 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. Fifthly, the Bank monitored the change in mismatch of assets and liabilities in terms of maturity to continuously optimise the maturity structure of assets and liabilities. Sixthly, 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. Meanwhile, we adopted measures including setting up dedicated capital planning positions, a lead management department, execution and operation department and a liquidity risk contingency team to keep improving our liquidity risk management organizational structure and enhance effectiveness of liquidity risk management.

As of June 30, 2023, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 51.99%, 124.50% and 185.02%, respectively. Among them, the balance of high-quality liquid assets was RMB52,694 million and the net cash outflow in the next 30 days was RMB29,149 million.

Items	As of June 30, 2023	As of December 31, 2022
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net stable capital ratio	124.50%	130.87%
Available stable capital	340,189.79	331,637.75
Required stable capital	273,239.55	253,411.71

Management Discussion and Analysis

11.6 Compliance risk management

Compliance risk refers to the risk that may cause legal sanction, regulatory penalty, significant financial loss and reputation loss due to the failure of the commercial banks to comply with the applicable laws, rules and relevant codes of the industry.

The Bank established a compliance management organizational system in which the Board of Directors and its Compliance Management Committee make decisions and planning, the senior management promotes the implementation of such decisions and planning, the Board of Supervisors supervises and evaluates such implementation, and the compliance management departments and posts at all levels, the line management departments and branches perform their respective duties to cooperate with the implementation of such decisions and planning under the leadership of the Party Committee. The Bank established a compliance management system with the “Compliance Policy of Bank of Jiujiang Co., Ltd.” as the backbone and the “Basic Internal Control System of Bank of Jiujiang Co., Ltd.”, the “Management Measures for the Systems of Bank of Jiujiang”, the “Grid-Based Management Measures for Case Prevention of Bank of Jiujiang” and the “Compliance Management Regulations of Bank of Jiujiang” as the branches. The Bank established a compliance management team system with the full-time compliance managers of the compliance management departments of the head office and branches as the main body, supplemented by the part-time compliance managers of internal departments and branches, and covering the front, middle and back offices and the head office and branches.

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

1. Conscientiously implement the regulatory requirements. The Bank improved the long-term effective mechanism for implementation of regulatory opinions, effectively implemented four process management processes, namely decomposition and transmission, process supervision, result verification, and evaluation and handling, and at the same time, incorporated the implementation results of regulatory opinions into branch construction and departmental assessments, comprehensively implemented responsibilities and ensured the quality and efficiency of work.
2. Further promote the “three assessments”. The Bank continued to promote the “three assessments” of systems, businesses and processes, and continued to sort out the systems, processes and businesses of the whole Bank. In the first half of 2023, the Bank sorted out a total of 56 businesses, involving 155 systems and processes, and put forward more than 90 internal regulation optimizations and 393 internal regulation process measures.

Management Discussion and Analysis

3. Effectively carry out compliance review. The Bank sorted out the main points of compliance review, formulated the operational specifications for compliance review of seal use, further clarified the standards for compliance review, and carried out normalized compliance review of new products, new systems, large-amount investment business, seal use and external information release, so as to put the control gate ahead.
4. Strengthen the front-end management of products. The Bank amended the “Measures for Management of New Products of Bank of Jiujiang” to promote the refinement of the identification standards for new products. The Bank clarified the requirements for construction of standardizations before the implementation of the product system, and completed the construction of the standardization manuals for 20 existing products and 6 newly revised products.
5. Implement the “grid-based” management of case prevention. The Bank continued to promote the grid-based management of case prevention and employee behaviors, and carried out case risk screening and employee behavior screening quarterly. The Bank strengthened the technological empowerment, distinguished different scenarios and further optimized the monitoring model of employee behaviors.
6. Strengthen the internal control evaluation and supervision. The Bank completed the internal control self-evaluation in 2022, optimized the supervision system of internal control evaluation, incorporated the deviation of self-evaluation into the adjustment factor, and at the same time, dynamically adjusted the annual implementation plan of internal control evaluation around the optimization indicators and specific requirements such as the annual supervision focus, the Bank’s internal strategic orientation and the external evaluation contents.

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.

Management Discussion and Analysis

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

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

1. Continuously optimize the anti-money laundering internal control system. In accordance with the latest regulatory requirements, issues identified in the anti-money laundering special audit, and adjustments to various work processes after the launch of the new anti-money laundering system, the Bank revised the “Basic System for Anti-Money Laundering and Counter-Terrorist Financing of Bank of Jiujiang” and issued the “Implementation Rules for Anti-Money Laundering Work of Bank of Jiujiang”, which has improved its anti-money laundering internal control system and provided more effective guidance for the implementation of various anti-money laundering measures throughout the bank.
2. Enhance the efficiency of the new anti-money laundering system. The Bank smoothly completed the transition to the new anti-money laundering system, regularly collected optimization suggestions from branch institutions based on the usage of the system, continuously improved the system's functionality, utilized RPA artificial intelligence technology to achieve automatic reporting of large-value transactions, reduced labour costs, improved work efficiency and reporting efficiency, continuously conducted multiple rounds of model optimization, significantly reducing the number of alert cases throughout the bank and increasing the rate of case reporting.

Management Discussion and Analysis

3. Fulfill anti-money laundering obligations diligently. The Bank continuously carried out customer identification, maintained customer information and transaction records, and reported large and suspicious transactions. The Bank participated in the Jiangxi Province “100-Day Action” Financial Intelligence Clue Analysis and Transfer Competition jointly organized by the People’s Bank of China Nanchang Central Branch, Jiangxi Provincial Public Security Department, Jiangxi Provincial People’s Procuratorate, and Jiangxi Provincial Taxation Bureau of the State Administration of Taxation, and won the third prize for collective merit, and the Pingxiang Branch won the third prize in the individual category.
4. Systematically carry out fund chain governance. In response to the new characteristics of fraudulent accounts, the Bank took the lead in carrying out governance work on inactive accounts, implemented targeted transaction control measures, optimized the system’s interception model, achieve real-time blocking of abnormal transactions, continued to investigate fraudulent accounts in reverse, promptly identified the transfer trends of key fraudulent accounts, and adjusted measures for monitoring abnormal transactions. The Bank also launched the “New Fraudulent Risk Matters Reporting Process”, improve the reporting mechanism and process for fraudulent incidents.

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 the 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. Continuously conduct technology risk assessment and monitoring. We conduct risk assessments in critical technology areas, identify and collect information technology risk points, convene the Information Technology Management Committee meetings on a regular basis, and enhance problem analysis and rectification implementation.

Management Discussion and Analysis

2. Enhance business continuity management across the entire Bank. We comprehensively review the business continuity management system, continuously conduct business continuity exercises, strengthen the management of contingency plans and exercise processes, and establish a long-term effective mechanism for business continuity management. In addition, we have obtained the certification for the Business Continuity Management System (ISO22301-2019), making us the only city commercial bank in Jiangxi Province to achieve this certification. Our business continuity management aligns with international standards in ten major areas including system, policies, and risk response.
3. Strengthen information and network security prevention and control. We prioritize information security management and strengthen the lean management of information security through focusing on internet application system. The Bank has established a normalized, automated, and practical security operation system, and realized real-time monitoring and alerting of security incidents and automated response based on the comprehensive security big data for the bank's network, security and applications through the information security operation platform and in combination of new technologies such as SOAR. The Bank also implemented corresponding protection measures appropriate for their security level based on different scenarios such as daily operations and critical protection, in order to achieve a balance between security and business development.

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

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

Management Discussion and Analysis

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. The 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 the Bank's existing strategic plans and adopt scientific decision-making approaches and risk management measures to minimize or avoid substantial losses at a maximum level.

The Bank 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, the 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 are available and allocated (including manpower, capital, management and IT resources) to support the execution of strategic decisions, whether an effective control mechanism over the strategy implementation process is in place, and whether any significant emergencies that affect the implementation of the strategy occurred, so as to ensure the consistency of the strategic plan with the Bank's development prospect and with the Bank's scale, risk appetite and portfolio complexity. In 2022, the Bank adjusted the internal division of labor structure for strategic risk management, 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 comprehensively enhance strategy execution through efficient organizational synergy and effectively guarantee the smooth achievement of development strategy objectives.

As of June 30, 2023, the Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

Management Discussion and Analysis

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, condensate heart cohesion and promote the orderly development of strategic management work.

Changes in Share Capital and Information on Shareholders

1. Changes in share capital

As of June 30, 2023, 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, there was no change in the share capital of the Bank.

From the end of the reporting period and as at the date of this report, the Bank completed the issuance of H Shares under the Specific Mandate on July 26, 2023 and completed the issuance of Domestic Shares under the Specific Mandate on September 19, 2023. Accordingly, the total number of issued Shares of the Bank increased to 2,847,367,200, comprising 2,365,000,000 Domestic Shares and 482,367,200 H Shares. The Bank will submit relevant application documents to the national financial regulatory institution as soon as possible and obtain the approval of changes in the registered capital of the Bank and amendments to the Articles of Association, and process corresponding procedures regarding changes in industrial and commercial registration.

1.1 Breakdown table of changes in shares

Class of shares	As at June 30, 2023		Changes in shares during the reporting period (share)	As at December 31, 2022	
	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	640,506,936	26.61	1,000,000	639,506,936	26.57
Domestic social legal person shares	967,665,590	40.20	(1,000,000)	968,665,590	40.24
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, there was no change in more than 1% 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, 2023, the Bank had 669 domestic shareholders in total, including 1 state-owned shareholder, 12 state-owned legal person shareholders, 56 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, 2023, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of shareholders	Class of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital	Shares pledged or frozen	Number of Shares (share)
			of 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
				Frozen	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	65.91 ⁽¹⁾		

Note:

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

Changes in Share Capital and Information on Shareholders

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

As of June 30, 2023, 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	Class of shares	Number of shares		Nature of interest	Approximate	Approximate
		(share)			percentage of shareholding in the relevant class of share (%)	percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau ⁽²⁾	Domestic Shares	366,020,000(L) ⁽¹⁾		Beneficial Owner	18.30	15.20
	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
Hopson Development International Limited ⁽⁶⁾	H Shares	20,000,000(L) ⁽¹⁾		Beneficial Owner	4.91	0.83
Hopeson Holdings Limited ⁽⁶⁾	H Shares	46,037,600(L) ⁽¹⁾		Beneficial Owner	11.30	1.91
Tai Fung Bank Limited ⁽⁷⁾	H Shares	46,037,600(L) ⁽¹⁾		Security interest in shares	11.30	1.91
R&F Properties (HK) Co., Ltd. ⁽⁸⁾	H Shares	63,591,000(L) ⁽¹⁾		Beneficial Owner	15.61	2.64
Harbor Sure (HK) Investments Limited ⁽⁹⁾	H Shares	63,591,000(L) ⁽¹⁾		Security Interest in Shares	15.61	2.64
Success Cypress Limited ⁽¹⁰⁾	H Shares	40,850,800(L) ⁽¹⁾		Beneficial Owner	10.03	1.70
Rong De Investment Limited ⁽¹¹⁾	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 ⁽¹²⁾	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 366.02 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. BAIC Group was founded in 1958 and its legal representative is Jiang Deyi. 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 294.40 million 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. Industrial Bank was founded in August 1988, its legal representative is Lyu Jiabin and it is headquartered in Fuzhou City, Fujian province. Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed 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 7.10% of the ordinary shares of the total issued share capital of the Bank. Fangda Carbon was found in January 1999, and its legal representative is Ma Zhuo. The registration place of Fangda Carbon is in Lanzhou City, Gansu province and a total of approximately 4,026 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon was listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).
- (6) Hopeson Holdings Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Hopson Development International Limited, a company incorporated in the British Virgin Islands. Hopson Development International Limited is a wholly-owned subsidiary of Hopson Development Holdings Limited, which is a company incorporated in Bermuda and is owned as to 53.75% by Sounda Properties Limited, a company incorporated in the British Virgin Islands. Sounda Properties Limited is wholly owned by Chu Mang Yee. Chu Mang Yee holds equity interests in 66.0376 million H Shares of the Bank through Hopeson Holdings Limited and Hopson Development International Limited, of which 46.0376 million H Shares are held through Hopeson Holdings Limited and the remaining 20 million H Shares are held through Hopson Development International Limited.

Changes in Share Capital and Information on Shareholders

- (7) Tai Fung Bank Limited is a company incorporated in Macau and is owned as to 50.31% by Bank of China Limited. Bank of China Limited is owned as to 64.02% by Central Huijin Investment Ltd.
- (8) 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.
- (9) Harbor Sure (HK) Investments Limited is a company incorporated in Hong Kong and is wholly owned by ABCI Investment Management Limited, a company incorporated in the British Virgin Islands. ABCI Investment Management Limited is wholly owned by ABC International Holdings Limited, which is a company incorporated in Hong Kong and is wholly owned by Agricultural Bank of China Limited, a company incorporated in the PRC. Agricultural Bank of China Limited is owned as to 35.29% and 64.02% by Ministry of Finance of the People's Republic of China and Central Huijin Investment Ltd., respectively.
- (10) 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.
- (11) 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.
- (12) 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, 2023, the shareholdings of the top 10 shareholders who directly held ordinary shares of the Bank are as follows:

Name of shareholders	Class of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of 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	68.75⁽¹⁾

Note:

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

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.

Changes in Share Capital and Information on Shareholders

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.

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 7.10% 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 4,026 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon's legal representative is Ma Zhuo and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd. The actual controller and ultimate beneficiary is Fang Wei. Fangda Carbon was officially listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).

Changes in Share Capital and Information on Shareholders

2.7 Other substantial domestic shareholders

According to the Interim Measures for the Equity Management of Commercial Banks, 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 Institute Co., Ltd., Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鵬融資租賃(天津)有限公司), Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (滄州經濟開發區興業產業園有限責任公司), Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd., etc.

Changes in Share Capital and Information on Shareholders

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
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.	Jiangxi Fangda Steel Group Co., Ltd., Jiujiang PingGang Steel Co., Ltd., Shanghai Fangda Investment Management Co., Ltd., Pingxiang Pinggang Anyuan Steel Co., Ltd., Chengdu Fangda Carbon Research Institute Co., Ltd., Fangda Special Steel Technology 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

In accordance with the relevant requirements of the Measures for the Administration of Related Party Transactions of Banking and Issuance Institutions, the Bank disclosed related party transactions in terms of credit related, asset transfer related, service related, deposit and other related transactions during the reporting period. In particular, the credit related party transaction shall be presented with the balance as at the end of the reporting period, and the asset transfer related, service related, deposit and other related party transactions with amounts incurred during the reporting period.

(I) Credit related party transactions

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 Xingcheng Construction Co., Ltd. (九江市八里湖新區興城建設有限公司) 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 Lushan Cableway Operation Management Co., Ltd. (九江市廬山文瀾索道經營管理有限責任公司) Jiujiang State-owned Financing Guarantee Co., Ltd. (九江市國有融資擔保有限責任公司) Jiujiang Dingtong Carpark Construction Management Co., Ltd. (九江市鼎通停車場建設管理有限公司) Jiangxi Natural Gas Duchang Co., Ltd. Pengze County Natural Gas Co., Ltd. Jiujiang Ganghua Gas Company Limited Jiujiang Kaida Lantian Hotel Management Co., Ltd. (九江凱達灑天酒店管理有限公司)	232.00 185.00 150.00 70.00 51.04 35.00 16.62 10.00 9.00 8.00	766.66

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 People's Government of Beijing Municipality	-	-	-	State-owned Assets Supervision And Administration Commission of People's Government of Beijing Municipality	-	Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鹏融资租赁(天津)有限公司) BAIC Group Industrial Investment 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) Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd.	74.96 50.00 45.00 11.70	181.66
3	Industrial Bank Co., Ltd.	283.85	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	283.85
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	1,750.00	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel Group Co., Ltd. Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiujiang Ping Gang Steel Co., Ltd.	2,400.00 600.00 357.10	5,107.10
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Wu Jialing	-	Wu Jialing	-	-	-	Wu Jialing	-	-	-	-
	Total	283.85		1,750.00		-		-		-		4,305.42	6,339.27

(II) Asset transfer related party transactions

Nil.

(III) Service related party transactions

Nil.

Changes in Share Capital and Information on Shareholders

(IV) Deposit and other related party transactions

No.	Name of shareholders	Deposit amount	The controlling shareholders of the corporation	Deposit amount	Actual controllers	Deposit amount	Parties acting in concert	Deposit amount	Ultimate beneficiary	Deposit amount	Related party with related transaction(s)	Deposit amount	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Jiujiang Industrial Finance Guarantee Co., Ltd.	11.00	11.00
2	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	-	Fang Wei	-	-	-	Fang Wei	-	Jiujiang Ping Gang Steel Co., Ltd. Pingxiang Pinggang Anyuan Steel Co., Ltd.	685.00 194.00	879.00
	Total	-	-	-	-	-	-	-	-	-	-	890.00	890.00

Note: Deposits from Jiujiang Ping Gang Steel Co., Ltd. and Pingxiang Pinggang Anyuan Steel Co., Ltd. represent bank certificate of deposit/marginal deposits pledged for credit business.

2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of June 30, 2023, the substantial shareholders of the Bank did not pledge equity in the Bank.

2.11 Nomination of Directors and Supervisors by the shareholders

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

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 did not 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 89,289,528 pledged shares held by 3 Domestic Shareholders that were involved in frozen; no pledged shares was involved in judicial auctions.
- (2) As prescribed in the Articles of Association by the Bank, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the voting rights of such shareholder at the Shareholders' General Meeting and the voting rights of the directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. As of the end of the reporting period, the number of Domestic Shares pledged by 12 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 252,323,588 shares were restricted, accounting for 10.48% 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 30, 2023 (share)	Class of shares
ZHOU Shixin	Male	51	Executive Director and Chairman of the Board of Directors	September 2023- June 2026	Nil	
XIAO Jing	Male	46	Executive Director, President and Vice Chairman of the Board of Directors	June 2023-June 2026 September 2023-June 2026	70,000	Domestic Shares
YUAN Delei	Male	45	Executive Director, Vice President and Risk Director	June 2023-June 2026	Nil	
LUO Feng	Male	52	Non-executive Director	September 2023- June 2026	Nil	
SHI Zhishan	Male	44	Non-executive Director	June 2023-June 2026	Nil	
ZHOU Miao	Female	51	Non-executive Director	September 2023- June 2026	Nil	
LIU Yinan	Male	45	Non-executive Director	September 2023- June 2026	Nil	
WANG Wangqiu	Female	51	Independent Non-executive Director	September 2023- June 2026	Nil	
TIAN Li	Male	54	Independent Non-executive Director	September 2023- June 2026	Nil	
ZHANG Yonghong	Male	56	Independent Non-executive Director	September 2023- June 2026	Nil	
GUO Jiequn	Male	52	Independent Non-executive Director	September 2023- June 2026	Nil	

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

Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June 30, 2023 (share)	Class of shares
MEI Mengsheng	Male	56	Chairman of the Board of Supervisors and Employee Representative Supervisor	June 2023-June 2026	Nil	
YU Menglin	Female	50	Employee Representative Supervisor	June 2023-June 2026	121,400	Domestic Shares
LIAO Jingwen	Female	38	Employee Representative Supervisor	June 2023-June 2026	14,000	Domestic Shares
CHEN Zhiying	Female	55	Shareholder Supervisor	June 2023-June 2026	Nil	
TANG Xiaofeng	Male	59	External Supervisor	June 2023-June 2026	Nil	
CHUA Alvin Cheng-Hock	Male	65	External Supervisor	June 2023-June 2026	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, 2023	
				(share)	Class of shares
XIAO Jing	Male	46	Executive Director and President	70,000	Domestic Shares
XIE Haiyang	Male	39	Vice President	Nil	
WANG Li	Female	59	Vice President and Board Secretary	Nil	
YUAN Delei	Male	45	Executive Director, Vice President and Risk Director	Nil	
HUANG Chaoyang	Male	53	Assistant to President and Chairman of Zhongshan Xiaolan County Bank	500,000	Domestic Shares
QI Yongwen	Male	52	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
XU Cao	Male	55	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	56	Assistant to President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	55	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	54	Chief Accountant and the General Manager of the Planning and Finance Department	Nil	
CHENG Zhong	Male	47	Chief Information Officer	Nil	

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

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

Upon the consideration and approval at the 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 of the Bank. On May 30, 2023, Mr. XIAO Jing obtained approval on his qualification as a Director from the former China Banking and Insurance Regulatory Commission Jiangxi Bureau. Mr. XIAO Jing has served as the executive Director of the Bank since May 30, 2023. For details, please refer to the announcements of the Bank dated May 31, 2023 and June 29, 2023, respectively.

Upon the consideration and approval at the twenty-sixth meeting of the sixth session of the Board on May 29, 2023 and the 2022 Annual General Meeting of the Bank on June 29, 2023, the Bank has elected the members of the seventh session of the Board, including the election of Mr. ZHOU Shixin, Mr. XIAO Jing and Mr. YUAN Delei as executive Directors of the seventh session of the Board; the election of Mr. LUO Feng, Mr. SHI Zhishan, Ms. ZHOU Miao and Mr. LIU Yinan as non-executive Directors of the seventh session of the Board; the election of Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn as independent non-executive Directors of the seventh session of the Board. Upon the consideration and approval at the seventeenth meeting of the sixth session of the Board of Supervisors on May 29, 2023, the third meeting of the sixth session of the employees' representatives conference of the Bank on June 26, 2023 and the 2022 Annual General Meeting of the Bank on June 29, 2023, the Bank has elected the members of the seventh session of the Board of Supervisors, including the election of Mr. MEI Mengsheng, Ms. YU Menglin and Ms. LIAO Jingwen as employee Supervisors of the seventh session of the Supervisory Committee; the election of Ms. CHEN Zhiying was elected as a Shareholder Supervisor of the seventh session of the Board of Supervisors; and the election of Mr. TANG Xiaofeng and Mr. CHUA Alvin Cheng-Hock as external Supervisors of the seventh session of the Board of Supervisors. For details of the re-election of the Directors and the Supervisors of the Bank, please refer to the announcements of the Bank dated May 29, 2023 and June 29, 2023, respectively.

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

2.1.1 Senior management

Upon the consideration and approval at the twentieth meeting of the sixth session of the Board on August 30, 2022 and obtaining the approval from the former China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2023] No. 116) on July 14, 2023, Mr. CHENG Zhong was appointed as the chief information officer of the Bank.

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

Mr. CHENG Zhong (程中), aged 47, is the chief information officer of the Bank.

Mr. CHENG Zhong 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) from July 1999 to March 2018, including the senior technical manager, deputy general manager of the Guangzhou first development division and general manager of the Guangzhou first development division, etc. He also held various positions in Bank of Changsha Co., Ltd. (whose A shares are listed on Shanghai Stock Exchange (stock code: 601577)) from March 2018 to May 2022, including the general manager of the information technology department and the person in charge of the preparation of a financial technology subsidiary, etc.

Mr. CHENG Zhong joined the Bank in June 2022 and served as the general manager of the information technology department of the Bank from June 2022 to July 2023. He has been the chief information officer of the Bank since July 2023.

Mr. CHENG Zhong obtained a master's degree in software engineering from Jilin University in June 2006.

2.1.2 Directors

The Bank received the approval from Jiangxi Bureau of the National Financial Regulatory Administration dated September 19, 2023 with respect to the qualifications of Mr. ZHOU Shixin, Mr. LUO Feng, Ms. ZHOU Miao, Mr. LIU Yinan, Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn as Directors on September 19, 2023. Accordingly, Mr. ZHOU Shixin was appointed as an executive Director of the Bank, Mr. LUO Feng, Ms. ZHOU Miao and Mr. LIU Yinan were appointed as non-executive Directors of the Bank, and Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn were appointed as independent non-executive Directors of the Bank. The term of office of the above Directors commenced from September 19, 2023 and ended on the expiration of the term of the seventh session of the Board and are eligible for re-election upon expiration of the term of office. For details, please refer to the announcement of the Bank dated September 19, 2023.

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.

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

3. Company Secretary

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

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

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

4. Remuneration Policy of Directors, Supervisors and Senior Management

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

5. Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities for the relevant employees (as defined under the Listing Rules) of the Bank, of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the six months ended June 30, 2023. 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

6. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures

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

Interests in the Shares of the Bank (Long Positions)

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

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

Interests in Associated Corporations (Long Positions)

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

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

Notes:

- (1) The Bank holds 35.00% of equity and 55.00% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.30% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 35.00% of equity and 54.40% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (4) The Bank holds 35.00% of equity and 54.80% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.

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

Ms. LIAO Jingwen, a Supervisor of the Bank, serves as the chairman 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. XU Cao, Assistant to President of the Bank, is the director of Zhongshan Xiaolan 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.

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

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

8. Information on Employees

8.1 Composition of personnel

By department/function

	As at June 30, 2023	
	Number of staff	Percentage of total (%)
Corporate banking	904	17.17
Retail banking	1,025	19.47
Inclusive financial business	154	2.93
Financial market business	39	0.74
Finance and accounting	403	7.66
Risk management, internal control and audit	266	5.05
Legal and compliance, human resources and information technology	473	8.99
Management	92	1.75
Teller	1,170	22.22
Jiuyin county bank	611	11.61
Others	127	2.41
Total	5,264	100.00

By age

	As at June 30, 2023	
	Number of staff	Percentage of total (%)
Aged below 30	3,281	62.33
Aged 31-40	1,782	33.85
Aged 41-50	173	3.29
Aged over 50	28	0.53
Total	5,264	100.00

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

By education level

	As at June 30, 2023	
	Number of staff	Percentage of total (%)
Master's degree and above	659	12.52
Undergraduate and junior college	4,590	87.20
Others	15	0.28
Total	5,264	100.00

8.2 Staff training plan

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

The Bank promoted the development concept of “Digital Jiuyin” and continued to carry out online training to enhance professional standards of all staff through the platform of “Jiuyin Yixue (九銀易學)”. During the reporting period, the Bank produced 139 online courses, the online learning sessions of employees reached 320,163 times and the online learning hours of employees reached 196,709 hours, with the average learning hours per capita up to 29.63 hours.

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

The Bank continued to promote the construction of a closed-loop empowerment system characterized by “knowledge extraction, combination of training and application, and promoting learning through examinations”. The Bank completed the iterative updating of the training system based on the existing courses for pioneer of culture, pioneer empowerment of retail business, pioneer of corporate business and pioneer of services, and actively explored new training methods in conjunction with line departments, realizing phased and multi-level training, and improved the quality and efficiency of training through the combination of theory and practice and the combination of internal courses and external courses. During the reporting period, the Bank organized 12, 10 and 7 sessions of learning activities for pioneer empowerment of retail business, pioneer empowerment of culture and pioneer empowerment of services, respectively and conducted 2 training sessions for newly transferred corporate account managers and 1 training session for newly transferred retail account managers. Adhering to the concept of empowering cadres by combining normal training with dynamic adjustment and based on actual scenarios, the Bank conducted 2 training sessions for empowerment of new management cadres and the promotion of technology management cadres according to critical experience extracted from management practice. While insisting on the approach of promoting learning through examinations to improve the quality and efficiency of work, the Bank organized 1 bank-wide post qualification examination.

8.3 Employee gender

As of June 30, 2023, the percentage of male and female employees (including senior management) is 44.55% and 55.45%, respectively. The Bank fully respects the individual differences of talents, created a professional, inclusive and diverse working atmosphere in working space, and is committed to provide equal opportunities for all employees. The Bank considered it kept a balance of the gender ratio of existing employees (including senior management). The Bank is expected to continue to maintain the gender diversity at the employee level (including senior management) in a reasonable manner.

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

8.4 Remuneration policies

(I) Remuneration management structure and decision-making procedures

In order to standardize the remuneration management of the Bank, improve the remuneration management mechanism of the Bank, and establish a scientific remuneration management structure and decision-making procedures, the Bank has established a remuneration management structure formed by the Nomination and Remuneration Committee of the Board, 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 the Bank was composed of a chairman and two members.

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 employee's 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 deferred payment period, in case of significant risk losses exposure, the Bank will cease the deferred payment of the responsible personnel and could recover the performance salary.

(IV) Contribution to the defined contribution plans

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

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

In order to enhance our competitive advantages, 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 incentivisation, 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

9. Basic Information of Institutions under the Bank

As of June 30, 2023, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 267 sub-branches which consisted of 174 traditional sub-branches, 82 community sub-branches and 11 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 consolidated and controlled as of June 30, 2023.

Status of the branches of the Bank as of June 30, 2023 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, 40 traditional sub-branches, 16 community sub-branches	57
	Nanchang Branch	No. 1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 traditional sub-branch, 1 community sub-branch, 1 small and micro enterprises sub-branch	4
	Ji'an Branch	New 196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 15 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	25
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 19 traditional sub-branches, 13 community sub-branches, 3 small and micro enterprises sub-branches	36
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 8 community sub-branches	21
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 18 traditional sub-branches, 2 community sub-branches, 2 small and micro enterprises sub-branches	23
	Shangrao Branch	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, 4 traditional sub-branches, 2 community sub-branches	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 4 traditional sub-branches, 1 small and micro enterprises sub-branch	6

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

District	Name of institution	Operating address	Remark	Number
Guangdong Province	Guangzhou Branch	Shops 6, 7, 8 and 9/F and 10/F, Aoyuan Mansion, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou	1 branch, 12 traditional sub-branches, 1 community sub-branch	14
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 2 community sub-branches	16
Total				281

Status of the controlled county banks of the Bank as of June 30, 2023 is set out below:

Name of subsidiaries	Operating address
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Rooms 130 and 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshan East Road, Fenyi County, Xinyu, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No. 619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province

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

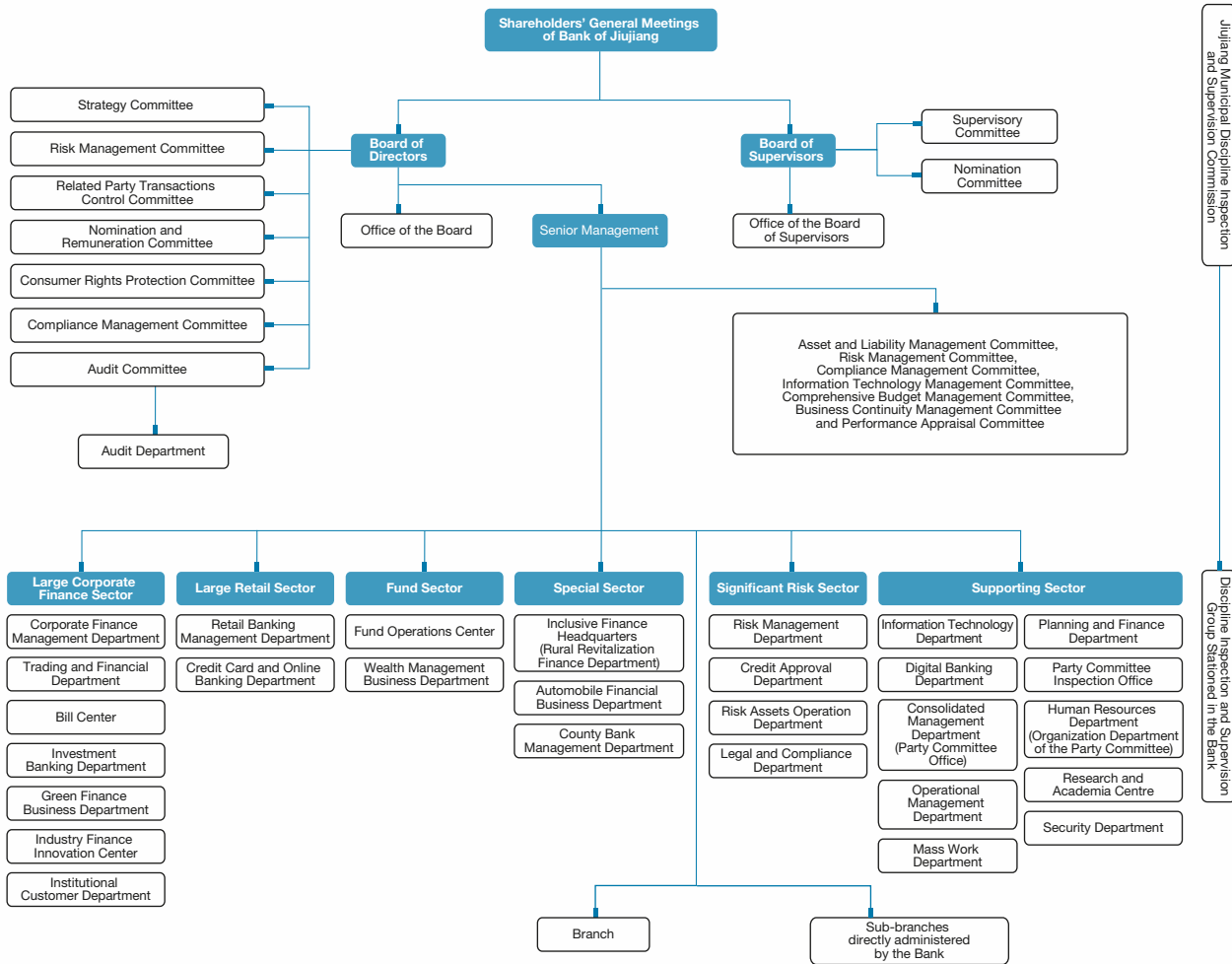
Name of subsidiaries	Operating address
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi Town, Jing'an County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province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

Status of the county banks in which the Bank has shareholdings as of June 30, 2023 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 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 45 meetings during the reporting period. Among them, there were 4 general meetings of shareholders (including 2 class shareholders' general meetings), 6 meetings of the Board of Directors, 22 meetings of special committees under the Board of Directors, 6 meetings of the Board of Supervisors, and 7 meetings of special committees under the Board of Supervisors.

2. Compliance with the Corporate Governance Code

During the reporting period, save as described below, 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.

As newly-elected independent non-executive Directors shall perform their duties upon obtaining the approval of their qualifications as Directors from the national financial regulatory institution, the composition of independent non-executive Directors, the Audit Committee and the Nomination and Remuneration Committee of the Bank for the period from June 29, 2023 to September 18, 2023 was temporarily not in compliance with the relevant requirements of Rules 3.10, 3.10A, 3.21, 3.25 and 3.27A under the Listing Rules. Jiangxi Bureau of the National Financial Regulatory Administration approved the qualification of the newly elected independent non-executive Directors as Directors on September 19, 2023. Since then, the composition of independent non-executive Directors, the Audit Committee and the Nomination and Remuneration Committee of the Bank has complied with the relevant requirements of Rules 3.10, 3.10A, 3.21, 3.25 and 3.27A under the Listing Rules.

3. Holding of general meetings of shareholders

The Bank held 4 general meetings of shareholders during the reporting period, including 2 class shareholders' general meetings.

Corporate Governance

On February 7, 2023, the Bank convened the 2023 first extraordinary general meeting, the 2023 first Domestic Shareholders class meeting and the 2023 first H Shareholders class meeting sequentially. In particular, 11 proposals were considered and approved at the 2023 first extraordinary general meeting, including the proposal in relation to the non-public issuance of Domestic Shares under special mandate, the proposal in relation to the non-public issuance of H Shares under special mandate, etc., 3 proposals were considered and approved at the 2023 first Domestic Shareholders class meeting, including the proposal in relation to the non-public issuance of Domestic Shares under special mandate, the proposal in relation to the non-public issuance of H Shares under special mandate, and the proposal in relation to grant of authority to the Board and its authorised persons to handle matters in relation to the non-public issuance of Domestic Shares and H Shares, and 3 proposals were considered and approved at the 2023 first H Shareholders class meeting, including the proposal in relation to the non-public issuance of Domestic Shares under special mandate, the proposal in relation to the non-public issuance of H Shares under special mandate, and the proposal in relation to grant of authority to the Board and its authorised persons to handle matters in relation to the non-public issuance of Domestic Shares and H Shares.

On June 29, 2023, the Bank convened the 2022 Annual General Meeting and deliberated on a total of 20 proposals, including the Proposal in relation to the Deliberating on the 2022 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.

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

During the reporting period, the Board of Directors held 6 meetings, and considered and approved a total of 86 proposals. The special committees under the Board of Directors held 22 meetings, including 5 meetings of the Risk Management Committee, 3 meetings of the Audit Committee, 2 meetings of the Related Party Transactions Control Committee, 5 meetings of the Strategy Committee, 3 meetings of the Nomination and Remuneration Committee, 1 meeting of the Consumer Rights Protection Committee and 3 meetings of Compliance Management Committee, at which a total of 81 proposals were considered and approved.

Corporate Governance

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

During the reporting period, the Board of Supervisors held 6 meetings, and considered or debriefed 80 proposals. The special committees under the Board of Supervisors convened 7 meetings, including 5 meetings of the Nomination Committee and 2 meetings of the Supervisory Committee, and considered or debriefed 24 proposals.

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 “with internal control and compliance as our top priorities”, optimised 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 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

Corporate Governance

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.

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-to long-term audit plans and annual audit plans.

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

Significant Issues

1. Profits and Dividends

The income and financial position of the Bank for the six months ended June 30, 2023 are set out in the interim financial statements of this interim report. The Bank did not recommend the payment of any interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

2. Significant Investment and Plans

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

3. Material Lawsuits, Arbitrations and Material Cases

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

4. Related Party Transactions

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

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

Significant Issues

As of the end of the reporting period, the balance of the transactions with related legal persons was RMB6,340 million; the balance of transactions with related natural persons was RMB144 million; the total balance of related party transactions was RMB6,484 million, accounting for 15.38% of the Bank's net capital, which met the regulatory requirements.

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

5. Significant Assets Pledged

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

6. 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.

7. 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.

8. Non-public Issuance of Domestic Shares and H Shares under Specific Mandate

On December 12, 2022, the Board of the Bank resolved to propose the issuance of not more than 365,000,000 Domestic Shares (inclusive) and not more than 75,000,000 H Shares (inclusive) to eligible subscribers, so as to effectively replenish core tier-one capital, earnestly enhance the Bank's resilience to risks, and optimize its equity structure. The net proceeds raised from the issuance after deducting related issuance costs will be entirely used to replenish the core tier-one capital of the Bank. On February 7, 2023, the Bank convened the 2023 first extraordinary general meeting, the 2023 first Domestic Shareholders class meeting and the 2023 first H Shareholders class meeting of Bank to consider and approve the non-public issuance of Domestic Shares and H Shares under specific mandate.

Significant Issues

The Bank entered into the H Share Subscription Agreements with no less than six subscribers of H Shares on June 16, 2023, pursuant to which, a total of 75,000,000 H Shares with par value of RMB1.00 each have been issued to the subscribers of H Shares on July 26, 2023. H Shares issued under the issuance of H Shares have completed the registration of the changes on the register of H Shareholders of the Bank on July 26, 2023 and the issuance of H Shares has completed on such day. The subscription price of the issuance of H Shares was HK\$9.79 (equivalent to approximately RMB8.93, the closing price of H Shares of the Bank as quoted on the Hong Kong Stock Exchange on June 16, 2023 (namely the date of execution of H Share Subscription Agreements) was HK\$9.30 per Share) per H Share. The total proceeds raised from the issuance of H Shares amounted to approximately HK\$734 million, and net proceeds raised from the issuance of H Shares after deducting related actual costs and expenditures amounted to approximately HK\$731 million, which were entirely used to replenish the core tier-one capital of the Bank.

The Bank entered into the Domestic Share Subscription Agreements with no less than six subscribers of Domestic Shares on June 16, 2023 and August 21, 2023, respectively, pursuant to which, a total of 365,000,000 Domestic Shares with par value of RMB1.00 each have been issued to the subscribers of Domestic Shares on September 19, 2023. Domestic Shares issued under the issuance of Domestic Shares have completed the registration of the changes on the register of Domestic Shareholders of the Bank on September 19, 2023 and the issuance of Domestic Shares has completed on such day. The subscription price of the issuance of Domestic Shares was RMB8.93 (equivalent to approximately HK\$9.79) per Domestic Share. The total proceeds raised from the issuance of Domestic Shares amounted to approximately RMB3,259 million, and net proceeds raised from the issuance of Domestic Shares after deducting related actual costs and expenditures amounted to approximately RMB3,258 million, which were entirely used to replenish the core tier-one capital of the Bank.

For details, please refer to the announcements of the Bank dated December 12, 2022, February 7, 2023, May 16, 2023, June 15, 2023, June 16, 2023, July 26, 2023, August 21, 2023 and September 21, 2023 and the circular dated January 16, 2023.

Significant Issues

9. Redemption of tier-two capital bonds

The Bank issued two tranches of tier-two capital bonds with each of principal amount of RMB1.5 billion in the national interbank bond market in January and July 2018, totaling RMB3 billion. Such bonds are subject to the redemption right of the issuer. The Bank redeemed the above two tranches of tier-two capital bonds in January and July 2023, respectively.

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, 2023 which were prepared by the Bank in accordance with the International Financial Reporting Standards in accordance with relevant review standards, and issued the auditors' review report with a clean opinion.

As the independent non-executive Directors of the seventh session of the Board will perform their duties after their qualifications as Directors are approved by the national financial regulatory institution, the interim report has been reviewed by the members of the Audit Committee of the sixth session of the Board.

On August 30, 2023, the Audit Committee of the Board of the Bank had reviewed and confirmed the interim results announcement of the Bank for the six months ended June 30, 2023, the 2023 interim report, as well as the unaudited interim financial statements for the six months ended June 30, 2023 which was prepared in accordance with the requirements of the IFRS.

11. Interim Results

The interim results announcement of the Bank for the six months ended June 30, 2023 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 31, 2023.

12. Significant Events after the Reporting Period

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

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

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

Introduction

We have reviewed the interim financial report set out on pages 122 to 196 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, 2023, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

Scope of Review

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

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, 2023 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 31, 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Interest income		9,799,902	9,971,745
Interest expense		(5,671,301)	(5,624,609)
Net interest income	5	4,128,601	4,347,136
Fee and commission income		445,709	394,708
Fee and commission expense		(53,521)	(57,191)
Net fee and commission income	6	392,188	337,517
Net gains arising from financial investments	7	629,574	396,793
Other income, gains or losses	8	105,010	130,658
Operating income		5,255,373	5,212,104
Operating expenses	9	(1,445,985)	(1,338,876)
Impairment losses on assets	10	(2,806,353)	(2,751,558)
Share of profits of associates		7,684	5,575
Profit before taxation		1,010,719	1,127,245
Income tax expense	11	(66,382)	(88,421)
Net profit for the period		944,337	1,038,824
Net profit for the period attributable to:			
Equity holders of the Bank		922,170	1,023,678
Non-controlling interests		22,167	15,146

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Net profit for the period		944,337	1,038,824
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in fair value		495,109	79,751
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		(382)	4,553
– Income tax relating to items that may be reclassified to profit or loss		(123,682)	(21,076)
Other comprehensive income for the period, net of tax	12	371,045	63,228
Total comprehensive income for the period		1,315,382	1,102,052
Total comprehensive income for the period attributable to:			
Equity holders of the Bank		1,290,337	1,086,909
Non-controlling interests		25,045	15,143
Total comprehensive income for the period		1,315,382	1,102,052
Basic and diluted earnings per share (in RMB)	13	0.24	0.29

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Financial Position

As at June 30, 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Cash and balances with the central bank	14	30,854,658	33,148,446
Deposits with banks and other financial institutions	15	2,571,409	2,232,349
Placements with banks and other financial institutions	16	651,880	417,940
Financial assets held under resale agreements	17	10,928,444	8,974,512
Loans and advances to customers	18	284,612,754	271,535,173
Financial investments	19	148,366,720	149,026,242
Interest in associates	20	142,005	134,321
Property and equipment	21	3,609,961	2,867,705
Right-of-use assets	22	305,078	298,087
Deferred tax assets	23	4,569,200	4,830,269
Other assets	24	5,878,123	6,238,496
Total assets		492,490,232	479,703,540

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Financial Position

As at June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
LIABILITIES			
Borrowings from the central bank	25	19,060,718	12,840,981
Deposits from banks and other financial institutions	26	12,386,491	12,111,022
Placements from banks and other financial institutions	27	4,716,259	6,145,221
Financial assets sold under repurchase agreements	28	11,784,613	1,700,206
Customer deposits	29	377,801,121	377,340,019
Income tax payable		226,525	868,951
Debt securities issued	30	25,818,896	28,799,725
Lease liabilities	31	331,321	328,144
Provisions		427,858	610,488
Other liabilities	32	2,797,905	2,542,502
Total liabilities		455,351,707	443,287,259
EQUITY			
Share capital	33	2,407,367	2,407,367
Other equity instruments	34	6,997,840	6,997,840
Reserves	35	26,936,054	26,222,454
Equity attributable to equity holders of the Bank		36,341,261	35,627,661
Non-controlling interests		797,264	788,620
Total equity		37,138,525	36,416,281
Total liabilities and equity		492,490,232	479,703,540

The financial statements have been approved by the Board of Directors of the Bank on August 31, 2023.

Xiao Jing
EXECUTIVE DIRECTOR

Yuan Delei
EXECUTIVE DIRECTOR

Li Guoquan
CHIEF ACCOUNTANT

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Attributable to equity shareholders of the Bank									Total
		Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	Non-controlling interests	
As at January 1, 2023		2,407,367	6,997,840	8,152,338	61,721	4,460,889	5,313,215	8,234,291	35,627,661	788,620	36,416,281
Net profit for the period		-	-	-	-	-	-	922,170	922,170	22,167	944,337
Other comprehensive income for the period		-	-	-	368,167	-	-	-	368,167	2,878	371,045
Total comprehensive income for the period		-	-	-	368,167	-	-	922,170	1,290,337	25,045	1,315,382
Dividends paid to ordinary shareholders	36(1)	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	36(2)	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(16,401)	(16,401)
As at June 30, 2023 (unaudited)		2,407,367	6,997,840	8,152,338	429,888	4,460,889	5,313,215	8,579,724	36,341,261	797,264	37,138,525
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
Dividends paid to ordinary shareholders	36(1)	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	36(2)	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(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

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2023 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before taxation		1,010,719	1,127,245
Adjustments for:			
Depreciation and amortisation		261,295	246,486
Impairment losses		2,806,353	2,751,558
Interest income arising from financial investments		(2,411,826)	(2,614,915)
Interest expense arising from debt securities issued		355,818	437,827
Interest expense arising from lease liabilities		6,430	8,865
Net gains arising from financial investments		(629,914)	(394,497)
Share of profits of associates		(7,684)	(5,575)
Losses on disposal of property and equipment and other assets		3,801	74
Unrealised exchange gains		(33,050)	(40,968)
Others		(71,103)	(17,003)
Operating cash flows before movements in working capital		1,290,839	1,499,097
Decrease/(increase) in balances with the central bank and deposits with banks and other financial institutions		1,507,418	(1,183,593)
Increase in placements with banks and other financial institutions		(650,000)	-
Increase in financial assets held under resale agreements		-	(295,420)
Decrease in bonds investment measured at fair value through profit or loss		329,602	45,032
Increase in loans and advances to customers		(14,868,955)	(27,580,527)
Increase/(decrease) in borrowings from the central bank		6,146,676	(5,863,579)
Increase/(decrease) in deposits from banks and other financial institutions		228,668	(781,291)
Decrease in placements from banks and other financial institutions		(1,448,228)	(344,933)
Increase in financial assets sold under repurchase agreements		10,084,000	10,182,900
(Decrease)/increase in customer deposits		(484,326)	16,164,614
Increase in other operating assets		(558,778)	(47,477)
Increase in other operating liabilities		824,004	737,221
Net cash generated from/(used in) operating activities before tax		2,400,920	(7,467,956)
Income tax paid		(571,421)	(778,827)
Net cash generated from/(used in) operating activities		1,829,499	(8,246,783)

The notes on pages 129 to 196 form part of this interim financial report.

Consolidated Statement of Cash Flows

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from investing activities			
Dividends received from associates		–	3,125
Cash received from disposal and redemption of financial investments		120,421,698	85,115,518
Cash received from disposal of property and equipment and other assets		13,452	637
Net cash received from investment gains and interest		2,603,698	2,919,340
Cash paid for purchase of financial investments		(120,993,684)	(88,211,997)
Cash paid for purchase of property and equipment and other assets		(268,869)	(237,320)
Net cash generated from/(used in) investing activities		1,776,295	(410,697)
Cash flows from financing activities			
Cash received from debt securities issued		17,528,353	13,875,377
Repayment of debt securities issued		(20,790,000)	(17,770,000)
Repayment of leases liabilities		(83,659)	(67,003)
Interest expenses paid for debt securities issued		(75,000)	(75,001)
Dividends paid to ordinary shareholders		(15,623)	(3,889)
Dividends paid to other equity instruments holders		(336,000)	(336,000)
Net cash used in financing activities		(3,771,929)	(4,376,516)
Net decrease in cash and cash equivalents		(166,135)	(13,033,996)
Cash and cash equivalents at the beginning of the period		18,861,838	31,450,307
Effect of foreign exchange rate changes		34,143	3,241
Cash and cash equivalents at the end of the period	37	18,729,846	18,419,552
Net cash generated from/(used in) operating activities include:			
Interest received		7,077,846	7,306,410
Interest paid		(4,399,485)	(4,087,437)

The notes on pages 129 to 196 form part of this interim financial report.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – 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 National Financial Regulatory Administration, the “NFRA”) Jiangxi Province Bureau (No. B0348H336040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

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

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorized for issue on August 31, 2023.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION (continued)

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

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

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

The financial information relating to the financial year ended December 31, 2022, 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.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

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:

- *IFRS 17, Insurance Contracts*

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. Amendments to IFRS 17 were issued in June 2020 and December 2021 to address stakeholder concerns and implementation challenges. IFRS 17 sets out a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

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

The amendments clarify that an entity will be required to disclose its “material” accounting policy information as opposed to “significant” accounting policies and provide additional guidance on how to identify material accounting policy information. The amendments to IFRS Practice Statement 2 provide additional guidance and examples to explain and illustrate the application of the “four-step materiality process” to accounting policy information.

- *Amendments to IAS 8, Definition of Accounting Estimates*

The amendments now define “accounting estimates” as “monetary amounts in financial statements that are subject to measurement uncertainty” and remove the definition of “a change in accounting estimate”. The amendments also clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES (continued)

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

The amendments specify how entities should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition. As a result, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

- *Amendments to IAS 12, International tax reform – Pillar Two model rules*

The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at December 31, 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed interim financial statements.

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 SEGMENT ANALYSIS

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(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.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 SEGMENT ANALYSIS (continued)

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(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	4,393,118	2,241,220	3,081,840	255,567	9,971,745
External interest expense	(2,115,306)	(2,292,715)	(1,150,112)	(66,476)	(5,624,609)
Net inter-segment interest (expense)/income	(382,433)	1,625,245	(1,034,970)	(207,842)	-
Net interest income	1,895,379	1,573,750	896,758	(18,751)	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	2,115,063	1,574,349	1,470,518	52,174	5,212,104
Operating expenses	(485,181)	(400,864)	(349,133)	(103,698)	(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	(100,362)	775,551	572,968	(120,912)	1,127,245
Income tax expense					(88,421)
Net profit for the period					1,038,824
Depreciation and amortisation	107,443	54,813	75,372	8,858	246,486
Purchase of non-current assets	94,525	48,223	66,311	5,499	214,558
Segment assets	180,302,566	85,815,491	196,438,305	11,738,753	474,295,115
Deferred tax assets					4,151,094
Total assets					478,446,209
Segment liabilities/Total liabilities	(161,601,684)	(139,405,003)	(76,850,567)	(64,654,986)	(442,512,240)
Credit commitments	78,927,897	21,058,789	-	-	99,986,686

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 Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 SEGMENT ANALYSIS (continued)

Information about major customers

During the six-month ended June 30, 2023 and 2022, 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,	
	2023	2022
Interest income		
Balances with the central bank	218,641	220,502
Deposits with banks and other financial institutions	6,995	7,383
Placements with banks and other financial institutions	18,103	20
Financial assets held under resale agreements	190,787	248,636
Loans and advances to customers		
– Corporate loans and advances	4,223,415	4,138,459
– Retail loans and advances	2,414,652	2,440,817
– Discounted bills	315,483	301,013
Financial investments	2,411,826	2,614,915
Subtotal	9,799,902	9,971,745
Interest expense		
Borrowings from the central bank	(187,319)	(239,567)
Deposits from banks and other financial institutions	(209,865)	(147,786)
Placements from banks and other financial institutions	(90,900)	(65,719)
Financial assets sold under repurchase agreements	(175,309)	(159,970)
Customer deposits	(4,645,660)	(4,564,875)
Debt securities issued	(355,818)	(437,827)
Lease liabilities	(6,430)	(8,865)
Subtotal	(5,671,301)	(5,624,609)
Net interest income	4,128,601	4,347,136

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2023	2022
Fee and commission income		
Settlement and clearing fees	158,337	95,873
Credit commitments and financial guarantees fees	111,486	99,893
Wealth management fees	75,528	104,977
Agency service fees	54,958	58,495
Bank card fees	41,843	32,023
Transaction and consultancy fees	3,557	3,447
Subtotal	445,709	394,708
Fee and commission expense		
Transaction fees	(36,770)	(29,055)
Settlement fees	(14,260)	(21,575)
Others	(2,491)	(6,561)
Subtotal	(53,521)	(57,191)
Net fee and commission income	392,188	337,517

7 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Six months ended June 30,	
	2023	2022
Net gains on financial investments at fair value through profit or loss (“FVTPL”)	621,405	372,395
Net gains on financial investments at fair value through other comprehensive income (“FVOCI”)	7,698	24,413
Others	471	(15)
Total	629,574	396,793

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

8 OTHER INCOME, GAINS OR LOSSES

	NOTE	Six months ended June 30,	
		2023	2022
Exchange gains		65,236	71,341
Government subsidies	(1)	35,198	48,413
Rental income		13,085	13,963
Gains/(losses) on disposal of property and equipment		3,745	(3,488)
Losses on disposal of repossessed assets		(7,546)	(2,364)
Donation		(2,191)	(2,632)
Others		(2,517)	5,425
Total		105,010	130,658

Note:

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

9 OPERATING EXPENSES

	Six months ended June 30,	
	2023	2022
Staff costs		
– Salaries, bonuses and allowances	650,535	578,892
– Social insurance and supplementary retirement benefits	64,417	60,481
– Staff welfares	32,899	30,021
– Housing fund	39,996	34,821
– Employee education expenses and labour union expenses	16,423	12,176
Subtotal	804,270	716,391
General and administrative expenses	308,291	305,989
Depreciation and amortisation	207,180	203,264
Tax and surcharges	59,365	60,642
Depreciation (right-of-use assets)	54,115	43,222
Rental and property management expenses	12,764	9,368
Total	1,445,985	1,338,876

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended June 30,	
	2023	2022
Loans and advances to customers at amortised cost	2,084,159	2,197,168
Loans and advances to customers at FVOCI	(3,081)	3,006
Financial investment measured at amortised cost	768,536	548,279
Financial investment measured at FVOCI	2,699	1,547
Others	(45,960)	1,558
Total	2,806,353	2,751,558

11 INCOME TAX EXPENSE

	NOTE	Six months ended June 30,	
		2023	2022
Current income tax		350,616	365,453
Tax filing differences		(421,621)	42,331
Deferred tax	23	137,387	(319,363)
Total		66,382	88,421

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

12 OTHER COMPREHENSIVE INCOME

	Period ended June 30, 2023		
	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	495,109	(123,778)	371,331
– FVOCI: net movement in impairment losses	(382)	96	(286)
Total	494,727	(123,682)	371,045

	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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

13 EARNINGS PER SHARE

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

	Six months ended June 30,	
	2023	2022
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to equity holders of the Bank	922,170	1,023,678
Less: Net profit attributable to holders of perpetual bonds	(336,000)	(336,000)
Net profit attributable to ordinary shareholders of the Bank	586,170	687,678
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 (RMB yuan)	0.24	0.29

No diluted earnings per share for the six months ended June 30, 2023 and 2022 were presented as there were no dilutive potential ordinary shares outstanding during the respective periods.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 CASH AND BALANCES WITH THE CENTRAL BANK

	NOTE	June 30, 2023	December 31, 2022
Cash		395,630	399,272
Statutory deposit reserves	(i)	26,843,100	28,128,182
Surplus deposit reserves	(ii)	3,337,894	4,244,989
Other deposits	(iii)	265,553	363,040
Subtotal		30,842,177	33,135,483
Accrued interest		12,481	12,963
Total		30,854,658	33,148,446

Note:

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

As at June 30, 2023 and December 31, 2022, statutory deposit reserves with the PBOC were calculated at 7.25% and 7.50% of eligible RMB deposits for the Bank respectively, and at 5.00% and 5.00% for subsidiaries; and at 6.00% and 6.00% of foreign currency deposits for the Bank. The foreign currency deposit reserves placed with the PBOC are non-interest bearing.

- (ii) The surplus deposit reserves are maintained with the PBOC mainly for the purpose of clearing.
- (iii) Other deposits mainly represent fiscal deposits placed with the PBOC.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022
Deposits with:		
Banks and other financial institutions in mainland China	2,288,111	1,569,065
Banks outside mainland China	282,942	660,066
Subtotal	2,571,053	2,229,131
Accrued interest	1,239	3,914
Allowances for impairment losses	(883)	(696)
Total	2,571,409	2,232,349

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022
Placements with:		
Banks in mainland China	–	417,876
Other financial institutions in mainland China	650,000	–
Subtotal	650,000	417,876
Accrued interest	2,107	163
Allowances for impairment losses	(227)	(99)
Total	651,880	417,940

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(1) Analysed by counterparties

	June 30, 2023	December 31, 2022
Banks in mainland China	3,287,287	2,497,226
Other financial institutions in mainland China	7,644,386	6,476,406
Subtotal	10,931,673	8,973,632
Accrued interest	1,139	3,400
Allowances for impairment losses	(4,368)	(2,520)
Total	10,928,444	8,974,512

(2) Analysed by type of collateral

	June 30, 2023	December 31, 2022
Bonds	8,005,406	7,476,266
Bills	2,926,267	1,497,366
Subtotal	10,931,673	8,973,632
Accrued interest	1,139	3,400
Allowances for impairment losses	(4,368)	(2,520)
Total	10,928,444	8,974,512

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysed by nature

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

	NOTE	June 30, 2023	December 31, 2022
Corporate loans and advances			
– Loans		154,825,108	146,155,355
Retail loans and advances			
– Residential mortgage loans		34,207,866	34,917,984
– Personal loans for business purposes		36,098,174	35,744,437
– Personal loans for consumption		19,771,963	18,311,700
– Credit card		6,026,511	6,657,581
Subtotal		96,104,514	95,631,702
Gross loans and advances to customers at amortised cost		250,929,622	241,787,057
Accrued interest		1,315,318	1,131,576
Allowances for impairment losses			
– 12-month ECL		(1,965,508)	(2,163,268)
– lifetime ECL not credit-impaired		(2,053,623)	(1,684,588)
– lifetime ECL credit-impaired		(5,626,600)	(4,913,876)
Subtotal		(9,645,731)	(8,761,732)
Loans and advances to customers at amortised cost, net		242,599,209	234,156,901
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting	(i)	42,013,545	37,378,272
Total loans and advances to customers		284,612,754	271,535,173

Note:

- (i) As at June 30, 2023 and December 31, 2022, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB18.63 million and RMB21.71 million respectively, as detailed in Note 18(7)(ii).

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(2) Analysed by industry sector

	June 30, 2023		
	Amount	Percentage	Loans and advances secured by collaterals
Manufacturing	40,056,089	13.67%	4,907,605
Wholesale and retail	28,336,481	9.67%	5,326,488
Real estate	23,934,473	8.17%	17,915,697
Construction	20,894,268	7.13%	4,894,077
Leasing and commercial services	18,311,889	6.25%	3,911,480
Water conservancy, environment and public utility management	12,716,544	4.34%	2,121,968
Education	6,065,058	2.07%	563,938
Agriculture, forestry, animal husbandry and fishery	5,345,491	1.82%	396,135
Finance	4,648,062	1.59%	24,397
Health and social work	4,212,604	1.44%	286,730
Others	10,180,163	3.48%	2,586,712
Subtotal of corporate loans and advances	174,701,122	59.63%	42,935,227
Retail loans and advances	96,104,514	32.81%	57,058,935
Discounted bills	22,137,531	7.56%	–
Gross loans and advances to customers	292,943,167	100.00%	99,994,162

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(2) Analysed by industry sector (continued)

	December 31, 2022		
	Amount	Percentage	Loans and advances secured by collaterals
Manufacturing	32,740,688	11.73%	3,953,246
Real estate	25,784,186	9.24%	19,504,013
Wholesale and retail	24,668,744	8.84%	5,313,036
Construction	21,016,760	7.53%	5,903,163
Leasing and commercial services	18,525,289	6.64%	3,405,555
Water conservancy, environment and public utility management	12,027,402	4.31%	2,532,168
Education	5,116,366	1.83%	445,260
Agriculture, forestry, animal husbandry and fishery	4,943,598	1.77%	419,916
Health and social work	4,474,321	1.60%	280,817
Finance	2,954,166	1.06%	27,471
Others	10,175,736	3.63%	2,954,559
Subtotal of corporate loans and advances	162,427,256	58.18%	44,739,204
Retail loans and advances	95,631,702	34.26%	58,063,771
Discounted bills	21,106,371	7.56%	–
Gross loans and advances to customers	279,165,329	100.00%	102,802,975

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(3) Analysed by type of collateral

	June 30, 2023	December 31, 2022
Collateralized loans	99,994,162	102,802,975
Guaranteed loans	86,410,377	77,517,963
Pledged loans	59,211,722	54,083,511
Unsecured loans	47,326,906	44,760,880
Gross loans and advances to customers	292,943,167	279,165,329
Accrued interest	1,315,318	1,131,576
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(9,645,731)	(8,761,732)
Net loans and advances to customers	284,612,754	271,535,173

(4) Overdue loans analysed by overdue period

	June 30, 2023				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralized loans	1,787,180	1,555,696	1,096,914	105,766	4,545,556
Pledged loans	252,230	51,999	640,415	5,957	950,601
Unsecured loans	300,381	498,966	95,633	70,003	964,983
Guaranteed loans	2,197,658	428,403	117,474	84,358	2,827,893
Total	4,537,449	2,535,064	1,950,436	266,084	9,289,033
As a percentage of gross loans and advances to customers	1.55%	0.87%	0.67%	0.08%	3.17%

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	December 31, 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	1,003,342	994,672	562,899	108,767	2,669,680
Pledged loans	41,072	533,921	460,232	5,957	1,041,182
Unsecured loans	207,855	510,422	59,286	71,379	848,942
Guaranteed loans	225,106	292,763	152,058	61,810	731,737
Total	1,477,375	2,331,778	1,234,475	247,913	5,291,541
As a percentage of gross loans and advances to customers	0.53%	0.84%	0.44%	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.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(5) Analysed by geographical area

	June 30, 2023	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	151,107,065	51.58%
Jiujiang City	92,800,607	31.68%
Guangdong Province	23,491,292	8.02%
Anhui Province	15,902,764	5.43%
Others	9,641,439	3.29%
Gross loans and advances to customers	292,943,167	100.00%

	December 31, 2022	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	143,979,035	51.57%
Jiujiang City	87,429,620	31.32%
Guangdong Province	23,210,639	8.31%
Anhui Province	15,318,234	5.49%
Others	9,227,801	3.31%
Gross loans and advances to customers	279,165,329	100.00%

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(6) Loans and advances and allowances for impairment losses

	As at June 30, 2023			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total loans and advances to customers measured at amortised cost	233,823,961	9,944,376	8,476,603	252,244,940
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(1,965,508)	(2,053,623)	(5,626,600)	(9,645,731)
Carrying amount of loans and advances to customers measured at amortised cost	231,858,453	7,890,753	2,850,003	242,599,209
Carrying amount of loans and advances to customers measured at FVOCI	42,013,545	–	–	42,013,545
Total carrying amount of loans and advances to customers	273,871,998	7,890,753	2,850,003	284,612,754

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortised cost	225,915,964	9,155,078	7,847,591	242,918,633
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,163,268)	(1,684,588)	(4,913,876)	(8,761,732)
Carrying amount of loans and advances to customers measured at amortised cost	223,752,696	7,470,490	2,933,715	234,156,901
Carrying amount of loans and advances to customers measured at FVOCI	37,378,272	-	-	37,378,272
Total carrying amount of loans and advances to customers	261,130,968	7,470,490	2,933,715	271,535,173

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

(i) Loans and advances to customers at amortised cost

	Six months ended June 30, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2023	2,163,268	1,684,588	4,913,876	8,761,732
Transferred:				
– to 12-month ECL	255,567	(244,095)	(11,472)	–
– to lifetime ECL not credit-impaired	(24,809)	29,497	(4,688)	–
– to lifetime ECL credit-impaired	(11,107)	(115,256)	126,363	–
(Released)/charged for the period	(417,411)	698,889	1,802,681	2,084,159
Write-offs	–	–	(1,268,234)	(1,268,234)
Recoveries	–	–	68,074	68,074
As at June 30, 2023	1,965,508	2,053,623	5,626,600	9,645,731

	Year ended December 31, 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	55,176	(49,787)	(5,389)	–
– to lifetime ECL not credit-impaired	(64,608)	67,295	(2,687)	–
– to lifetime ECL credit-impaired	(26,990)	(594,434)	621,424	–
(Released)/charged for the year	(681,577)	1,187,429	3,956,196	4,462,048
Write-offs	–	–	(3,385,102)	(3,385,102)
Recoveries	–	–	153,375	153,375
As at December 31, 2022	2,163,268	1,684,588	4,913,876	8,761,732

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

(ii) Loans and advances to customers at FVOCI

	Six months ended June 30, 2023			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2023	21,710	–	–	21,710
Released for the period	(3,081)	–	–	(3,081)
As at June 30, 2023	18,629	–	–	18,629

	Year ended December 31, 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 year	9,210	–	–	9,210
As at December 31, 2022	21,710	–	–	21,710

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS

	NOTE	June 30, 2023	December 31, 2022
Financial investments measured at FVTPL	(1)	19,630,752	21,129,487
Financial investments measured at FVOCI	(2)	46,998,057	47,019,722
Financial investments measured at amortised cost	(3)	81,737,911	80,877,033
Total		148,366,720	149,026,242

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

	June 30, 2023	December 31, 2022
Debt securities issued by:		
Corporations	309,569	704,083
Policy banks	60,693	–
Commercial banks	51,088	52,219
Subtotal	421,350	756,302
Equity investments	1,052,262	1,040,250
Funds and other investments:		
Fund Investments	10,180,271	11,037,383
Trust beneficiary rights and asset management plans	4,112,843	3,885,839
Others	3,864,026	4,409,713
Subtotal	18,157,140	19,332,935
Total	19,630,752	21,129,487
Listed	33,361	22,373
Unlisted	19,597,391	21,107,114
Total	19,630,752	21,129,487

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (continued)

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

	June 30, 2023	December 31, 2022
Debt securities issued by:		
Government	27,258,508	28,249,991
Commercial banks	9,128,521	8,963,662
Policy banks	8,407,647	6,927,675
Corporations	1,788,324	2,355,244
Subtotal	46,583,000	46,496,572
Accrued interest	415,057	523,150
Total	46,998,057	47,019,722
Listed	27,526,946	29,732,345
Unlisted	19,471,111	17,287,377
Total	46,998,057	47,019,722

	As at June 30, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at June 30, 2023	46,998,057	–	–	46,998,057

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at December 31, 2022	47,019,722	–	–	47,019,722

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (continued)

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

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

	Six months ended June 30, 2023			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	8,664	–	–	8,664
Charged for the period	2,699	–	–	2,699
As at June 30, 2023	11,363	–	–	11,363

	Year ended December 31, 2022			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2022	7,362	–	–	7,362
Charged for the year	1,302	–	–	1,302
As at December 31, 2022	8,664	–	–	8,664

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

(3) Financial investments measured at amortised cost

	June 30, 2023	December 31, 2022
Debt securities issued by:		
Government	36,922,112	33,601,356
Policy banks	17,517,442	17,905,783
Corporations	8,947,822	9,325,802
Non-public project bonds	2,171,862	2,341,324
Subtotal	65,559,238	63,174,265
Trust beneficiary rights and asset management plans	18,710,139	20,043,511
Accrued interest	2,034,127	2,109,070
Allowances for impairment losses	(4,565,593)	(4,449,813)
Total	81,737,911	80,877,033
Listed	38,775,950	35,908,076
Unlisted	42,961,961	44,968,957
Total	81,737,911	80,877,033

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (continued)

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

	As at June 30, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financial investments measured at amortised cost	73,699,372	3,553,925	9,050,207	86,303,504
Allowances for impairment losses	(68,532)	(585,161)	(3,911,900)	(4,565,593)
As at June 30, 2023	73,630,840	2,968,764	5,138,307	81,737,911

	As at December 31, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financial investments measured at amortised cost	75,165,613	4,100,729	6,060,504	85,326,846
Allowances for impairment losses	(120,204)	(675,554)	(3,654,055)	(4,449,813)
As at December 31, 2022	75,045,409	3,425,175	2,406,449	80,877,033

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS (continued)

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

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

	Six months ended June 30, 2023			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	120,204	675,554	3,654,055	4,449,813
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(18,455)	(80,060)	98,515	–
(Released)/charged for the period	(33,217)	(10,333)	812,086	768,536
Write-offs	–	–	(656,123)	(656,123)
Recoveries	–	–	3,367	3,367
As at June 30, 2023	68,532	585,161	3,911,900	4,565,593

	Year ended December 31, 2022			Total
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
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	(3,548)	3,548	–	–
– to lifetime ECL credit-impaired	–	(17,504)	17,504	–
(Released)/charged for the year	(151,893)	256,092	629,319	733,518
Write-offs	–	–	(270,000)	(270,000)
Recoveries	–	–	48,292	48,292
As at December 31, 2022	120,204	675,554	3,654,055	4,449,813

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 INTEREST IN ASSOCIATES

	June 30, 2023	December 31, 2022
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	58,965	51,281
Total	142,005	134,321

Details of the Bank's associates as at June 30, 2023 and December 31, 2022 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/paid-in capital as at June 30, 2023 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activity
				As at June 30, 2023	As at December 31, 2022	As at June 30, 2023	As at December 31, 2022	
				%	%	%	%	
Zhongshan Xiaolan County Bank Co., Ltd. (i)	Guangdong, PRC	December 2008	250,000	25.00%	25.00%	25.00%	25.00%	Commercial bank
Guixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	December 2011	99,500	20.64%	20.64%	25.62%	25.62%	Commercial bank

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
COST							
As at January 1, 2022	2,669,688	432,160	16,241	181,690	353,683	737,171	4,390,633
Additions	8,113	21,222	161	11,644	69,196	177,208	287,544
Transfers from/(out of) construction in progress	386,171	11,825	-	1,274	26,518	(464,446)	(38,658)
Disposals	(52,148)	(17,693)	(740)	(7,802)	(168,273)	-	(246,656)
As at December 31, 2022	3,011,824	447,514	15,662	186,806	281,124	449,933	4,392,863
Additions	38	17,774	331	2,093	18,242	838,504	876,982
Transfers from/(out of) construction in progress	16,185	1,114	-	-	1,100	(18,886)	(487)
Disposals	(2,902)	(6,074)	(363)	(3,797)	(15,899)	-	(29,035)
As at June 30, 2023	3,025,145	460,328	15,630	185,102	284,567	1,269,551	5,240,323
ACCUMULATED DEPRECIATION							
As at January 1, 2022	(723,782)	(348,857)	(11,686)	(137,310)	(215,964)	-	(1,437,599)
Charged for the year	(149,561)	(48,794)	(1,260)	(19,393)	(59,641)	-	(278,649)
Disposals	34,807	15,764	574	6,913	133,032	-	191,090
As at December 31, 2022	(838,536)	(381,887)	(12,372)	(149,790)	(142,573)	-	(1,525,158)
Charged for the period	(72,327)	(21,955)	(543)	(6,699)	(30,269)	-	(131,793)
Disposals	1,407	5,943	352	3,447	15,440	-	26,589
As at June 30, 2023	(909,456)	(397,899)	(12,563)	(153,042)	(157,402)	-	(1,630,362)
NET BOOK VALUE							
As at December 31, 2022	2,173,288	65,627	3,290	37,016	138,551	449,933	2,867,705
As at June 30, 2023	2,115,689	62,429	3,067	32,060	127,165	1,269,551	3,609,961

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 PROPERTY AND EQUIPMENT (continued)

The net book value of premises of the Group with incomplete title deeds as at June 30, 2023 amounted RMB56.92 million (December 31, 2022: RMB60.56 million). 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, 2023 and December 31, 2022, there are no leasehold land and premises of the Group rented out to third parties as investment properties.

22 RIGHT-OF-USE ASSETS

The Group as a lessee

COST

As at January 1, 2022	665,689
Additions	69,417
Disposals	(24,416)
<hr/>	
As at December 31, 2022	710,690
<hr style="border-top: 1px dashed black;"/>	
Additions	80,406
Disposals	(153,591)
<hr style="border-top: 1px dashed black;"/>	
As at June 30, 2023	637,505

ACCUMULATED DEPRECIATION

As at January 1, 2022	(345,620)
Charged for the year	(90,842)
Disposals	23,859
<hr/>	
As at December 31, 2022	(412,603)
<hr/>	
Charged for the period	(54,115)
Disposals	134,291
<hr/>	
As at June 30, 2023	(332,427)

NET BOOK VALUE

As at December 31, 2022	298,087
<hr/>	
As at June 30, 2023	305,078

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 RIGHT-OF-USE ASSETS (continued)

The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at June 30, 2023, the Group did not enter into any leases that have not yet commenced (December 31, 2022: RMB2.50 million).

23 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
As at January 1, 2023	4,649,441	94,153	(21,409)	9,258	98,826	4,830,269
Recognised in profit or loss	(94,049)	4,522	-	(36,508)	(11,352)	(137,387)
Recognised in other comprehensive income	96	-	(123,778)	-	-	(123,682)
As at June 30, 2023	4,555,488	98,675	(145,187)	(27,250)	87,474	4,569,200

	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
As at January 1, 2022	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807
Recognised in profit or loss	874,220	25,464	-	12,988	33,240	945,912
Recognised in other comprehensive income	(2,628)	-	34,178	-	-	31,550
As at December 31, 2022	4,649,441	94,153	(21,409)	9,258	98,826	4,830,269

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

24 OTHER ASSETS

	NOTE	June 30, 2023	December 31, 2022
Reposessed assets	(1)	2,472,707	2,551,892
Land use rights		1,893,902	1,918,952
Settlement and clearing accounts		1,135,238	836,384
Interests receivable	(2)	707,908	701,184
Intangible assets		178,281	196,286
Prepayments for projects		175,378	800,636
Research and development expenditure		89,225	88,227
Deferred expenses		61,230	45,406
Others		295,343	216,290
Subtotal		7,009,212	7,355,257
Allowances for impairment losses		(1,131,089)	(1,116,761)
Total		5,878,123	6,238,496

(1) Reposessed assets

	June 30, 2023	December 31, 2022
Land use rights and buildings	2,472,707	2,551,588
Others	–	304
Gross reposessed assets	2,472,707	2,551,892
Allowances for impairment losses	(515,930)	(626,521)
Net reposessed assets	1,956,777	1,925,371

(2) Interests receivable

	June 30, 2023	December 31, 2022
Interests receivable arising from:		
Financial investments	540,144	638,813
Loans and advances to customers	167,764	62,371
Subtotal	707,908	701,184
Allowances for impairment losses	(348,399)	(441,982)
Total	359,509	259,202

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

25 BORROWINGS FROM THE CENTRAL BANK

	June 30, 2023	December 31, 2022
Borrowings from the central bank	18,979,047	12,832,371
Accrued interest	81,671	8,610
Total	19,060,718	12,840,981

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

26 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022
Banks in mainland China	5,472,440	4,104,226
Other financial institutions in mainland China	6,838,653	7,925,354
Subtotal	12,311,093	12,029,580
Accrued interest	75,398	81,442
Total	12,386,491	12,111,022

27 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022
Banks in mainland China	4,130,064	4,953,552
Banks outside mainland China	578,064	1,177,017
Subtotal	4,708,128	6,130,569
Accrued interest	8,131	14,652
Total	4,716,259	6,145,221

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analysed by type and location of counterparty

	June 30, 2023	December 31, 2022
Banks in mainland China	11,784,000	1,700,000
Accrued interest	613	206
Total	11,784,613	1,700,206

(2) Analysed by type of collateral

	June 30, 2023	December 31, 2022
Bonds	11,784,000	1,700,000
Accrued interest	613	206
Total	11,784,613	1,700,206

29 CUSTOMER DEPOSITS

	NOTE	June 30, 2023	December 31, 2022
Demand deposits			
Corporate customers		113,673,828	120,221,912
Individual customers		24,181,683	26,658,054
Subtotal		137,855,511	146,879,966
Time deposits			
Corporate customers		61,357,964	51,741,625
Individual customers		134,085,557	127,080,995
Subtotal		195,443,521	178,822,620
Pledged deposits	(1)	32,200,747	39,893,575
Convertible negotiated deposits	(2)	2,000,000	2,000,000
Others		179,030	470,211
Accrued interest		10,122,312	9,273,647
Total		377,801,121	377,340,019

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 CUSTOMER DEPOSITS (continued)

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

	June 30, 2023	December 31, 2022
Acceptances	21,443,020	28,754,943
Letters of credit	4,992,179	6,155,350
Guarantees and letters of guarantees	1,627,771	1,764,673
Others	4,137,777	3,218,609
Total	32,200,747	39,893,575

- (2) Convertible negotiated deposits

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

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

30 DEBT SECURITIES ISSUED

	NOTE	June 30, 2023	December 31, 2022
Tier-two capital bonds	(1)	1,500,000	3,000,000
Interbank negotiable certificates of deposit	(2)	24,228,858	25,688,112
Subtotal		25,728,858	28,688,112
Accrued interest		90,038	111,613
Total		25,818,896	28,799,725

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

30 DEBT SECURITIES ISSUED (continued)

Note:

- (1) 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. On January 31, 2023, the Bank redeemed the first tranche of the fixed-rate subordinated bond in full at nominal value of RMB1,500 million at the end of the fifth year.
- (2) As at June 30, 2023, the Bank had 142 outstanding interbank negotiable certificates of deposit with total notional amount of RMB24.46 billion. As at December 31, 2022, the Bank had 253 outstanding interbank negotiable certificates of deposit with total notional amount of RMB25.91 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid-in lump sum at the maturity date.

31 LEASE LIABILITIES

	June 30, 2023	December 31, 2022
Lease liabilities payable:		
Within one year	111,025	83,720
Within a period of more than one year but not more than two years	68,133	70,313
Within a period of more than two years but not more than five years	111,261	122,792
Within a period of more than five years	40,902	51,319
Total	331,321	328,144

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

32 OTHER LIABILITIES

	NOTE	June 30, 2023	December 31, 2022
Salaries payable	(1)	1,280,386	1,501,463
Other tax payables		257,689	273,063
Dividends payable		248,181	6,666
Payables to external companies		243,037	201,754
Settlement and clearing accounts		140,091	117,697
Others		628,521	441,859
Total		2,797,905	2,542,502

(1) Salaries payable

	June 30, 2023	December 31, 2022
Salaries, bonuses and allowances	930,708	1,132,975
Social insurance and supplementary retirement benefits	336,021	362,240
Housing fund	9,572	719
Staff welfares	1,114	991
Employee education expenses and labour union expenses	2,971	4,538
Total	1,280,386	1,501,463

33 SHARE CAPITAL

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

	June 30, 2023	December 31, 2022
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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 OTHER EQUITY INSTRUMENTS

(1) Perpetual Bonds

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

(2) Main terms of Perpetual Bonds

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 OTHER EQUITY INSTRUMENTS (continued)

(2) Main terms of Perpetual Bonds (continued)

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

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

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 OTHER EQUITY INSTRUMENTS (continued)

(3) Changes of Perpetual Bonds

	Balance as at January 1, 2023		Increase in this period		Decrease in this period		Balance as at June 30, 2023	
	of shares (million)	Book value (million)	of shares (million)	Book value (million)	of shares (million)	Book value (million)	of shares (million)	Book value (million)
Perpetual Bonds	70.00	6,997.84	-	-	-	-	70.00	6,997.84

35 RESERVES

	NOTE	June 30, 2023	December 31, 2022
Share premium		8,152,338	8,152,338
Investment revaluation reserve	(1)	429,888	61,721
Surplus reserve	(2)	4,460,889	4,460,889
General reserve	(3)	5,313,215	5,313,215
Retained earnings		8,579,724	8,234,291
Total		26,936,054	26,222,454

(1) Investment revaluation reserve

	June 30, 2023	December 31, 2022
As at January 1	61,721	156,376
Changes in fair value recognised in other comprehensive income	498,993	(93,304)
Transfer to profit or loss upon disposal	(7,698)	(43,413)
Changes in impairment losses recognised in other comprehensive income	(406)	10,510
Deferred income tax	(122,722)	31,552
At the end of the reporting period	429,888	61,721

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 RESERVES (continued)

(2) 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, 2022	1,943,743	2,196,744	4,140,487
Appropriation during the year	154,049	166,353	320,402
As at December 31, 2022	2,097,792	2,363,097	4,460,889
Appropriation during the period	–	–	–
As at June 30, 2023	2,097,792	2,363,097	4,460,889

(3) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.50% of the aggregate amount of risk assets as defined by the above measures. The balance of the general reserve amounted to RMB5,313.22 million as at June 30, 2023 (December 31, 2022: RMB5,313.22 million).

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 PROFIT DISTRIBUTION

(1) Distribution of dividend on ordinary shares

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2022 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and approved by the 2022 annual general meeting of the Bank on June 29, 2023.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2021 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and approved by the 2021 annual general meeting of the Bank on June 29, 2022.

(2) Distribution of interest on perpetual bonds

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

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

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144.00 million in total was declared on January 28, 2022 and distributed on February 9, 2022.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192.00 million in total was declared on April 12, 2022 and distributed on April 15, 2022.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 CASH AND CASH EQUIVALENTS

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

	June 30, 2023	December 31, 2022
Cash	395,630	399,272
Balances with the central bank	3,337,894	4,244,989
Deposits with banks and other financial institutions	2,490,853	2,030,130
Placements with banks and other financial institutions	–	417,876
Financial assets held under resale agreements	10,931,673	8,973,632
Financial investments measured at FVTPL	1,573,796	2,795,939
Total	18,729,846	18,861,838

(1) Net decrease in cash and cash equivalents

	Six months ended June 30,	
	2023	2022
Cash and cash equivalents as at June 30	18,729,846	18,419,552
Less: Cash and cash equivalents as at January 1	(18,861,838)	(31,450,307)
Less: Effect of foreign exchange rate changes	(34,143)	(3,241)
Net decrease in cash and cash equivalents as at June 30	(166,135)	(13,033,996)

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	As at January 1, 2023	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at June 30, 2023
Bonds	3,111,613	(1,575,000)	53,425	–	1,590,038
Interbank negotiable certificates of deposit	25,688,112	(1,761,647)	302,393	–	24,228,858
Dividends payable	6,666	(351,623)	593,138	–	248,181
Lease liabilities	328,144	(83,659)	6,430	80,406	331,321
Total	29,134,535	(3,771,929)	955,386	80,406	26,398,398

	As at January 1, 2022	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	Net increase in lease liabilities	As at December 31, 2022
Bonds	3,111,613	(169,350)	169,350	–	3,111,613
Interbank negotiable certificates of deposit	28,335,183	(3,304,261)	657,190	–	25,688,112
Dividends payable	5,906	(581,900)	582,660	–	6,666
Lease liabilities	365,598	(124,163)	17,292	69,417	328,144
Total	31,818,300	(4,179,674)	1,426,492	69,417	29,134,535

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 STRUCTURED ENTITIES

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

The Group holds an interest in structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include 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, 2023 and December 31, 2022 in the structured entities sponsored and managed by third party institutions.

	As at June 30, 2023				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	Maximum risk exposure (Note)
Fund investments	10,180,271	–	–	10,180,271	10,180,271
Trust beneficiary rights and asset management plans	4,112,843	–	15,400,977	19,513,820	19,513,820
Total	14,293,114	–	15,400,977	29,694,091	29,694,091

	As at December 31, 2022				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	Maximum risk exposure (Note)
Fund investments	11,037,383	–	–	11,037,383	11,037,383
Trust beneficiary rights and asset management plans	3,885,839	–	16,698,543	20,584,382	20,584,382
Total	14,923,222	–	16,698,543	31,621,765	31,621,765

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.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 STRUCTURED ENTITIES (continued)

(2) Unconsolidated structured entities managed by the Group

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

As at June 30, 2023 and December 31, 2022, the amount of assets held by the unconsolidated wealth management products managed by the Group amounting to RMB39,912 million and RMB39,929 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, 2023 and June 30, 2022 amounted to RMB76 million and RMB105 million, respectively.

40 RELATED PARTY TRANSACTIONS

(1) Major shareholders and entities under their control

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

Name of shareholders	Percentage of shares held	
	June 30, 2023	December 31, 2022
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 shareholder held less than 5% interest of the Bank but appointed the supervisor is considered as the related party of the Group.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

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

During the six months ended June 30, 2023 and the year ended December 31, 2022, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	June 30, 2023	December 31, 2022
Balances at the end of the period/year:		
Assets		
Deposits with banks and other financial institutions	225,085	303,836
Loans and advances to customers at amortised cost	1,440,204	1,944,486
Financial investments at amortised cost (i)	638,253	679,264
Financial investments at FVTPL	45,865	45,761
Total	2,349,407	2,973,347
Liabilities		
Customer deposits	12,293,034	20,263,203
Placements from banks and other financial institutions	578,064	1,177,017
Deposits from banks and other financial institutions	7,353	6,681
Total	12,878,451	21,446,901
Off-balance sheet items		
Guarantees and letters of guarantees	1,628,600	2,184,636
Letters of credit	1,439,000	1,067,000
Bank acceptances	435,000	550,730
Total	3,502,600	3,802,366
Wealth management products (ii)	923,821	895,817

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

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended June 30,	
	2023	2022
Transactions during the period:		
Interest income	28,090	47,810
Interest expense	253,120	205,724
Net gains arising from financial investments	1,746	1,722
Fee and commission income	14,342	9,742

(2) Subsidiaries of the Bank

	June 30, 2023	December 31, 2022
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	4,447,791	4,289,250

	Six months ended June 30,	
	2023	2022
Transactions during the period:		
Interest expense	83,799	99,237
Dividend from subsidiaries	13,949	4,552

(3) Associates of the Bank

	June 30, 2023	December 31, 2022
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	838,632	1,231,337

	Six months ended June 30,	
	2023	2022
Transactions during the period:		
Interest expense	11,650	14,703
Dividend from associates	–	3,125

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

(4) Other related parties

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

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

	June 30, 2023	December 31, 2022
Balances at the end of the period/year:		
Asset		
Loans and advances to customers at amortised cost	4,527	5,910
Liability		
Customer deposits	5,657	8,597
	Six months ended June 30,	
	2023	2022
Transactions during the period:		
Interest income	109	141
Interest expense	15	16

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (continued)

(5) Key management personnel

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

The remuneration of key management personnel during the six months ended June 30, 2023 and 2022 are as follows:

	Six months ended June 30,	
	2023	2022
Salaries and other emoluments	2,790	2,987
Discretionary bonuses	1,715	1,697
Delayed compensation plan	1,715	1,697
Contributions by the employer to social insurance and staff welfares, housing fund, etc	636	579
Other welfare	24	23
Total	6,880	6,983

41 CONTINGENT LIABILITIES AND COMMITMENTS

(1) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2023 and December 31, 2022, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision had been provided for any potential losses from these claims.

(2) Capital commitment

	June 30, 2023	December 31, 2022
Contracted but not provided for	285,296	320,427

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 CONTINGENT LIABILITIES AND COMMITMENTS

(3) Credit commitments

	June 30, 2023	December 31, 2022
Acceptances	52,180,337	50,472,988
Unused credit card commitments	23,909,502	23,093,125
Letters of credit	22,601,944	18,207,381
Guarantees and letters of guarantees	16,486,073	16,401,700
Total	115,177,856	108,175,194

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

(4) Credit risk weighted amounts of credit commitments

	June 30, 2023	December 31, 2022
Credit commitments	30,966,862	31,659,347

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

(5) Collateral

Assets pledged

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

	June 30, 2023	December 31, 2022
Bonds	12,150,000	1,730,400

As at June 30, 2023 and December 31, 2022, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB11,785 million and RMB1,700 million respectively.

All repurchase agreements were due within twelve months from inception.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FIDUCIARY ACTIVITIES

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

As at June 30, 2023 and December 31, 2022, the entrusted loans balance of the Group amounted to RMB9,094 million and RMB9,591 million respectively.

As at June 30, 2023 and December 31, 2022, the balance of the wealth management products issued and managed by the Group amounted to RMB39,912 million and RMB39,929 million respectively.

43 CAPITAL MANAGEMENT

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

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

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

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 CAPITAL MANAGEMENT (continued)

The former CBRC 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, 2023, the ratios of core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 8.00%, 10.60% and 12.10% (December 31, 2022: 7.93%, 10.61% and 12.62%).

44 FINANCIAL RISK MANAGEMENT

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

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

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks for the six-month period ended June 30, 2023 are the same as those presented in the Group’s consolidated financial statements for the year ended December 31, 2022.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 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.

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 FAIR VALUE (continued)

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	421,350	–	421,350
– Fund investments	–	10,180,271	–	10,180,271
– Equity investments	33,361	–	1,018,901	1,052,262
– Trust beneficiary rights and asset management plans	–	–	4,112,843	4,112,843
– Others	–	–	3,864,026	3,864,026
Financial investments measured at FVOCI				
– Debt securities	–	46,998,057	–	46,998,057
Loans and advances to customers measured at FVOCI	–	42,013,545	–	42,013,545
Total	33,361	99,613,223	8,995,770	108,642,354

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	756,302	–	756,302
– Fund investments	–	11,037,383	–	11,037,383
– Equity investments	22,373	–	1,017,877	1,040,250
– Trust beneficiary rights and asset management plans	–	–	3,885,839	3,885,839
– Others	–	–	4,409,713	4,409,713
Financial investments measured at FVOCI				
– Debt securities	–	47,019,722	–	47,019,722
Loans and advances to customers measured at FVOCI	–	37,378,272	–	37,378,272
Total	22,373	96,191,679	9,313,429	105,527,481

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 FAIR VALUE (continued)

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

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2023 and the year ended December 31, 2022.

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

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 FAIR VALUE (continued)

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

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

	Financial investments measured at FVTPL
As at January 1, 2023	9,313,429
Total gains	
– In profit or loss	278,942
Transfers in	328,951
Disposals and settlement on maturity	(925,552)
As at June 30, 2023	8,995,770
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	42,256
	Financial investments measured at FVTPL
As at January 1, 2022	9,551,096
Total gains	
– In profit or loss	310,905
Transfers in	695,852
Disposals and settlement on maturity	(1,244,424)
As at December 31, 2022	9,313,429
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	(224,875)

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 FAIR VALUE (continued)

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

During the six months ended June 30, 2023 and the year ended December 31, 2022, 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:

Financial assets	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2023	December 31, 2022		
Financial investments at FVTPL				
- Trust beneficiary rights and asset management plans	4,112,843	3,885,839	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	1,018,901	1,017,877	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	3,864,026	4,409,713	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 Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 FAIR VALUE (continued)

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

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

	June 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	66,336,935	66,960,004	64,178,490	64,072,424
Financial liabilities				
Debt securities issued	25,818,896	25,494,860	28,799,725	28,461,012

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 PARTICULARS OF SUBSIDIARIES

Details of the Bank's subsidiaries as at June 30, 2023 and December 31, 2022 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2023	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at June 30, 2023 %	As at December 31, 2022 %	As at June 30, 2023 %	As at December 31, 2022 %		
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	55.00	53.65	Commercial Bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.30	53.70	Commercial Bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	April 2016	40,827	68.16	68.16	77.66	77.66	Commercial Bank	Joint Stock Company
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.40	54.90	Commercial Bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.80	54.90	Commercial Bank	Joint Stock Company

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Bank's subsidiaries as at June 30, 2023 and December 31, 2022 are set out below: (continued)

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2023	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at June 30, 2023 %	As at December 31, 2022 %	As at June 30, 2023 %	As at December 31, 2022 %		
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	50,898	71.22	71.22	76.25	76.25	Commercial Bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	53,090	72.00	72.00	76.33	76.33	Commercial Bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	December 2016	61,000	53.50	53.50	61.55	61.89	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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 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, 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, 2023, 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.

47 SUBSEQUENT EVENTS

On July 26, 2023, the issuance of H Shares was completed, and the Bank issued 75 million H Shares with a par value of RMB1.00 at an offering price of HK\$9.79 per H Share. On August 21, 2023, the payment and capital verification for the issuance of Domestic Shares was completed. Subsequent to the completion of the issuance, the registered capital and share capital of the Bank will increase to RMB2,847.37 million and 2,847.37 million shares, respectively, and the capital adequacy ratio of the Group is expected to increase 100 BPs to 130 BPs accordingly. The capital contributions of the issuance were verified by KPMG Huazhen LLP.

48 COMPARATIVE FIGURES

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023 – unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

49 Possible impacts of amendments, new standards and interpretations issued but not yet effective for the six months ended June 30, 2023

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended June 30, 2023, and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
<i>Amendments to IAS 1, Presentation of financial statements “Classification of liabilities as current or non-current”</i>	January 1, 2024
<i>Amendments to IAS 1, Presentation of financial statements “Non-current liabilities with covenants”</i>	January 1, 2024
<i>Amendments to IFRS 16, Leases “Lease liability in a sale and leaseback”</i>	January 1, 2024
<i>Amendments to IFRS 7 and IAS 7, Supplier finance arrangements</i>	January 1, 2024
<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
“national financial regulatory institution”	the National Financial Regulatory Administration and (or) its local offices, and if the context requires, includes its predecessor China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and (or) its local offices
“National Financial Regulatory Administration”	a subordinated institution under the State Council and established based on China Banking and Insurance Regulatory Commission
“CBIRC”	former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), currently the National Financial Regulatory Administration, and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau”	former CBIRC Jiangxi Bureau (中國銀保監會江西監管局), currently Jiangxi Bureau of the National Financial Regulatory Administration

Definition

“China” or “PRC”	the People’s Republic of China, for the purpose of this interim report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC
“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the 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”)
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as at June 30, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Related Party Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS

Definition

“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of 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”	six months from January 1, 2023 to June 30, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank