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JIANGXI BANK CO., LTD.*

江西銀行股份有限公司*

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

(Stock Code: 1916)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board of directors (the “**Board**”) of Jiangxi Bank Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited consolidated interim results (the “**Interim Results**”) of the Bank and its subsidiaries for the six months ended June 30, 2021. This results announcement, containing the full text of the 2021 interim report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. The Board and the audit committee of the Board have reviewed and confirmed the Interim Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.jx-bank.com). The interim report for the six months ended June 30, 2021 will be dispatched to the shareholders of the Bank and will be available on the above websites in due course.

By Order of the Board
Jiangxi Bank Co., Ltd.
CHEN Xiaoming
Chairman

Nanchang, the PRC, August 27, 2021

As of the date of this announcement, the board of directors of the Bank comprises Mr. CHEN Xiaoming, Mr. LUO Yan and Mr. XU Jihong as executive directors; Mr. QUE Yong, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin and Ms. ZHUO Liping as non-executive directors; and Ms. ZHANG Rui, Ms. ZHANG Wangxia, Mr. WONG Hin Wing and Ms. WANG Yun as independent non-executive directors.

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



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* This interim report is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.

CHAPTER I COMPANY PROFILE

1.1 BASIC INFORMATION

Statutory Chinese name of the Company:	江西銀行股份有限公司*
Statutory English name of the Company:	JIANGXI BANK CO., LTD.*
Legal representative:	CHEN Xiaoming
Authorized representatives:	CHEN Xiaoming, NGAI Wai Fung
Secretary of the Board of Directors:	XU Jihong
Joint company secretaries:	XU Jihong, NGAI Wai Fung
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB6,024,276,901
Registered and office address:	Jiangxi Bank Tower, No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wan Chai, Hong Kong
Contact number:	+86-791-86791009
Fax:	+86-791-86771100
Website of the Bank:	www.jx-bank.com (the contents of the website do not form a part of this report)
Service hotline:	+86-956055
Domestic auditor:	KPMG Huazhen LLP
International auditor:	KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Legal advisor in mainland China:	Zhong Lun Law Firm
Legal advisor in Hong Kong:	Clifford Chance
Stock exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Domestic Shares custodian:	China Securities Depository and Clearing Corporation Limited

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



CHAPTER I COMPANY PROFILE

1.2 MAJOR AWARDS IN THE FIRST HALF OF 2021

In January 2021, the Bank was granted the title of “the Most Favorite Credit Card in 2020 in Jiangxi” and “the Most Popular Credit Card in 2020 in Jiangxi”.

In January 2021, the Bank was granted the title of “the Product Innovation Award of Credit Card Business of UnionPay in 2020” by China UnionPay.

In January 2021, the Bank was granted the title of “New Prominent Domestic Financial Institution of Chinese Offshore Bonds of ‘Jinjiuqi’ bond” jointly awarded by Jiuqi Finance and Guotai Junan Securities.

In January 2021, the Bank ranked 23rd for City Commercial Bank in the Top 100 of Trading and Cleaning of China Bond Company Bonds by China Central Depository & Clearing Co., Ltd..

In January 2021, the Bank was granted the title of “Core Trader”, “Outstanding Trader in Currency Market”, and “Award of Trading Mechanism Innovation” in Inter-bank Domestic Currency Market Transaction in 2020 awarded by the China Foreign Exchange Trade System.

In April 2021, the Bank won the highest level of “Excellent Evaluation” in Green Credit among All Provincial Banking Institutions in 2020 by China Insurance Regulatory Commission Jiangxi Bureau.

In April 2021, the Bank was granted the title of “Advanced Green Finance Organization in Jiangxi Province from 2018 to 2020” by the Office of Jiangxi province’s Steering Group for Green Finance Reform and Innovation.

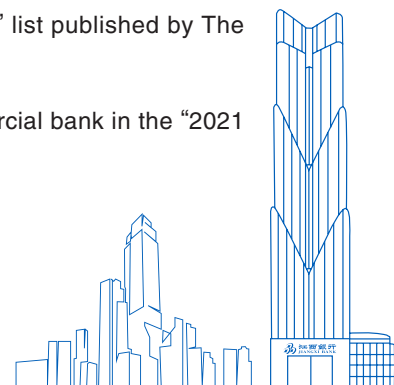
In May 2021, the Bank was granted the title of “Advanced Unit of Purchasing Manager Survey in 2020” by the Investigation Team, Nanchang Branch under the National Bureau of Statistics.

In June, 2021, the Bank’s assistant team of Xiazou Village, Yaqian Township, Jinxian County was granted the honorary title of the “Advanced Group of Poverty Alleviation in Jiangxi Province” jointly awarded by Jiangxi Provincial Party Committee and Provincial Government.

In June 2021, the Bank was granted the title of the “Enterprise Contributing to the Poverty Alleviation in Jiangxi Province” jointly awarded by departments including the Industry and Information Technology Department of Jiangxi Province, the Reform and Development Commission of Jiangxi Province and the Department of Education of Jiangxi Province at the 3rd Annual Jiangxi Economic Events, Economic Figures, Meritorious Enterprises and Contributing Enterprises and Entrepreneurs to Poverty Alleviation Conference.

In June 2021, the Bank was ranked 273rd in the “Top 1000 Global Banks 2021” list published by The Banker Magazine in United Kingdom.

In July 2021, the Bank ranked 46th in commercial banks and 22th in city commercial bank in the “2021 China Banking Top 100 List”.



CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

2.1 FINANCIAL DATA

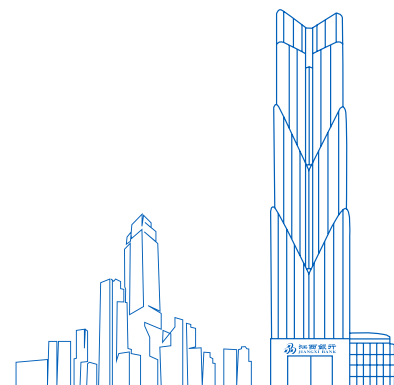
The financial information set out in this interim report has been prepared on a combined basis in accordance with the International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	For the six months ended June 30, 2021		2021 compared to 2020
	2021	2020	
(in millions of RMB, unless otherwise stated)			
Operating results			Change rate (%)
Net interest income	4,135.59	4,896.89	(15.55)
Net fee and commission income	416.14	284.27	46.39
Operating income	5,354.06	5,828.67	(8.14)
Operating expenses	(1,508.64)	(1,462.76)	3.14
Impairment losses on assets	(2,239.73)	(2,722.46)	(17.73)
Profit before taxation	1,608.69	1,645.71	(2.25)
Profit for the period	1,353.40	1,282.38	5.54
Profit attributable to equity Shareholders of the Bank	1,330.32	1,256.20	5.90
Per share (in RMB/share)			Change rate (%)
Basic earnings per share	0.22	0.21	4.76
Diluted earnings per share	0.22	0.21	4.76
Indicators for profitability			Change
Average return on total assets ⁽¹⁾	0.58%	0.56%	0.02%
Average return on equity ⁽²⁾	7.42%	7.24%	0.18%
Net interest spread ⁽³⁾	1.88%	2.32%	(0.44%)
Net interest margin ⁽⁴⁾	1.90%	2.32%	(0.42%)
Net fee and commission income to operating income	7.77%	4.88%	2.89%
Cost-to-income ratio ⁽⁵⁾	27.09%	23.97%	3.12%



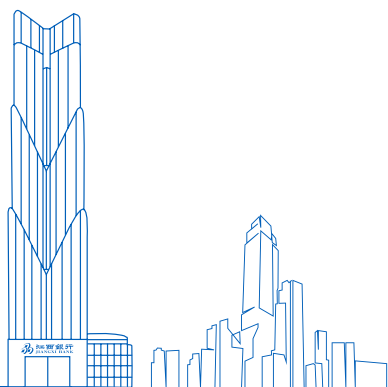
CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

	As of June 30, 2021	As of December 31, 2020	The first half of 2021 compared to the end of 2020
(in millions of RMB, unless otherwise stated)			
Indicators for volume			Change rate (%)
Total assets	473,261.22	458,692.82	3.18
Including: net loans and advances to customers	247,503.84	217,448.76	13.82
Total liabilities	436,166.05	422,750.37	3.17
Including: deposits from customers	334,008.99	315,770.82	5.78
Share capital	6,024.28	6,024.28	—
Equity attributable to Shareholders of the Bank	36,397.22	35,267.58	3.20
Non-controlling interests	697.95	674.87	3.42
Total equity	37,095.17	35,942.45	3.21
Net assets per share attributable to shareholders of the Bank (RMB/share)	6.04	5.85	3.25
Indicators for quality of assets			Change
Non-performing loans ratio	1.72%	1.73%	(0.01%)
Provision coverage ratio ⁽⁶⁾	175.48%	171.56%	3.92%
Provision ratio of loans ⁽⁷⁾	3.02%	2.97%	0.05%
Indicators for capital adequacy ratio			Change
Core tier-one capital adequacy ratio	10.08%	10.29%	(0.21%)
Tier-one capital adequacy ratio	10.08%	10.30%	(0.22%)
Capital adequacy ratio	12.71%	12.89%	(0.18%)
Total equity to total assets	7.84%	7.84%	0.00%
Other indicators			Change
Liquidity coverage ratio	315.02%	429.88%	(114.86%)
Liquidity ratio	72.59%	78.17%	(5.58%)
Loan-to-deposit ratio	76.23%	70.75%	5.48%



CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

- Notes:* (1) Represents the net profit for the period as a percentage of the average balance of total assets at the beginning and the end of the period.
- (2) Represents the net profit attributable to Shareholders of the Bank for the period as a percentage of the average balance of total equity attributable to Shareholders of the Bank at the beginning and the end of the period.
- (3) The difference between the average yield on interest-earning assets and the average cost on interest-bearing liabilities.
- (4) Divided net interest income by average interest-earning assets.
- (5) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
- (6) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of non-performing loans.
- (7) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of loans and advances to customers.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

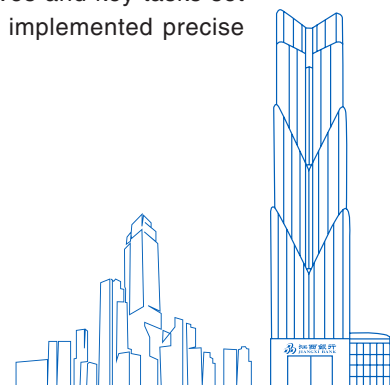
3.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, China becomes the first major economy to recover from Covid-19 pandemic due to the effective and efficient measures taken to fight the pandemic. Against the backdrop of the pandemic's economic impact, the economy picked up overall in 2021. According to the National Bureau of Statistics, in the first half of 2021, China's GDP was RMB53.2167 trillion, representing a year-on-year increase of 12.7% at comparable prices, and 5.6 percentage points lower than that of the first quarter; and the average two-year growth was 5.3%, 0.3 percentage points faster than that of the first quarter. By quarter, the year-on-year GDP growth for the first quarter was 18.3%, with an average two-year growth of 5.0%; for the second quarter 7.9%, with an average two-year growth of 5.5%. The national economy continued to recover steadily with the sound growth momentum consolidated. As of the end of the Reporting Period, the balance of broad money (M2) was RMB231.78 trillion, representing a year-on-year increase of 8.6%; the balance of loans in domestic currency was RMB185.5 trillion with year-on-year increase of 12.3%; the balance of deposits in domestic currency was RMB226.62 trillion, representing a year-on-year increase of 9.2%; and the size of social financing was RMB301.56 trillion with year-on-year increase of 11%.

During the Reporting Period, the economy of Jiangxi Province where the Bank operates its principal business sustained a steady recovery, realizing the growth goal of "more than half the time and more than half the tasks" and achieving "increase in quantity and improvement in quality". Jiangxi witnessed continuous improvement of ecological environment and continuous protection of people's livelihood, and positive factors that lead to steady recovery with growth momentum consolidated were accumulating, and the growth rate of major economic indicators continued to remain in a reasonable range. In the first half of 2021, the GDP of Jiangxi Province increased by 12.9% year on year at comparable prices, higher than the average rate of China; the value added of industrial enterprises above designated size and investments in fixed assets increased by 18.5% and 20.2%, respectively, with an average two-year growth of 9.4% and 12.8% respectively.

3.2 GENERAL OPERATION SUMMARY

During the Reporting Period, in the midst of a complex economic and financial situation and increasingly fierce market competition, Jiangxi Bank, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, with the correct leadership of Jiangxi Provincial Party Committee and Jiangxi Provincial Government, under the scientific supervision of the higher supervision authorities, and in accordance with the decision and deployment of the Party Committee and the Board of Directors of the Bank, and with the effective supervision of the Board of Supervisors, took the responsibility of being the "pacesetter of Jiangxi financial army", closely focused on the objectives and key tasks set at the beginning of the year, forged ahead with determination, and vigorously implemented precise measures to lay a solid foundation for the achievement of the annual targets.



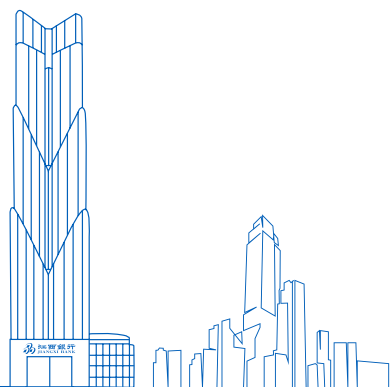
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.2.1 Maintaining the momentum of sound development

The first is the growth of the overall scale. During the Reporting Period, the Group's total assets amounted to RMB473.261 billion, representing an increase of 3.18% compared to the end of the previous year; the total liabilities amounted to RMB436.166 billion, representing an increase of 3.17% compared to the end of the previous year; the owner's equity amounted to RMB37.095 billion, representing an increase of 3.21% compared to the end of the previous year; deposits from customers amounted to RMB334.009 billion, representing an increase of 5.78% compared to the end of the previous year; loans and advances to customers amounted to RMB247.504 billion, representing an increase of 13.82% compared to the end of the previous year. The second is the continuously enhanced profitability. The Group achieved a net profit of RMB1,353 million, representing an increase of 5.54% year-on-year; the return on assets was 0.58%, representing an increase of 0.02 percentage point compared to the same period of the previous year; the return on capital was 7.42%, representing an increase of 0.18 percentage point compared to the same period of the previous year.

3.2.2 Continuous Enhancement of Service Capability

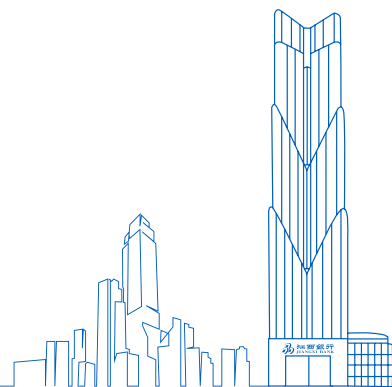
First, the balance of releasing loans by the Bank for major key projects throughout Jiangxi Province amounted to over RMB30.0 billion, representing an increase of over RMB11.0 billion compared to the end of the previous year; the balance of loans to manufacturing sector of the Bank amounted to RMB15.289 billion, representing an increase of 8.52% compared to the end of the previous year; the balance of loans of the Bank for rural revitalization amounted to RMB29.615 billion, representing an increase of RMB5,851 million compared to the end of the previous year; the balance loans of the Bank under the Yingshanhong Action amounted to RMB8,191 million, representing an increase of RMB3,817 million compared to the end of the previous year. Second, the Bank actively kept close eyes on granting more loans to key areas and key green projects, such as Ganjiang New Area as a pilot zone for green finance reform and innovation and Fuzhou as a pilot demonstration city of ecological civilization. The balance of green credit of the Bank amounted to RMB15.719 billion, representing an increase of 35% compared to the end of the previous year. Third, we continued to grant more inclusive finance loans to accelerate the construction of the national inclusive finance reform pilot zones in Ji'an and Ganzhou, and Jingdezhen National Pilot Zone for Ceramic Culture Inheritance and Innovation. The balance of inclusive loans to small and micro enterprises amounted to RMB21.123 billion, representing an increase of 20.03% compared to the end of the previous year. Fourth, RMB settlement in terms of cross-border trade and direct investment reached RMB597 million, representing a year-on-year increase of 42.28% and accounting for 29.3% in the home and foreign currency settlement, with a completion rate of 66.37%. All of the above indicators ranked top among financial institutions in the province.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.2.3 Continuous Consolidation of the Management Foundation

The first is the continuous consolidation of the financial security of the Bank. Through consolidating the base for innovative applications of information technology in financial sector, the Bank strengthened the independent control over the information system, intensified guarantee for the cyber security capability and prepared well in terms of the cyber security to celebrate the 100th anniversary of the founding of the CPC. The second is orderly optimization of credit process. The Bank collected 86 opinions and suggestions under 6 categories, established a problem-oriented ledger, and focused on solving problems such as optimization of the Group's credit process, simplification of post-loan inspection materials and optimization of the credit system to effectively break through the obstacles in loan granting. The third is intensified management of subsidiaries. The Bank supervised and followed up the rectification of audit issues, supervised the village subsidiaries to improve the systems, and strictly managed their acts. As a result, no compliance risk cases occurred and steady operation improvement was achieved during the Reporting Period.



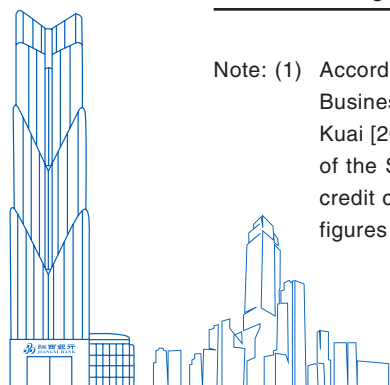
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3 PROFIT STATEMENT ANALYSIS

In the first half of 2021, the Group realized RMB1.609 billion in profit before taxation, representing a year-on-year decrease of 2.25%, and RMB1.353 billion in net profit, representing a year-on-year increase of 5.54%.

	For the six months ended June 30,		Amount of change	Change rate (%)
	2021	2020		
	(in millions of RMB, unless otherwise stated)			
Interest income ⁽¹⁾	9,570.79	10,207.45	(636.66)	(6.24)
Interest expense	(5,435.20)	(5,310.56)	(124.64)	2.35
Net interest income	4,135.59	4,896.89	(761.30)	(15.55)
Fee and commission income ⁽¹⁾	462.92	388.36	74.56	19.20
Fee and commission expense	(46.78)	(104.09)	57.31	(55.06)
Net fee and commission income	416.14	284.27	131.87	46.39
Net trading gains	100.54	29.10	71.44	245.50
Net gains arising from financial investments	688.68	596.74	91.94	15.41
Other operating income	13.11	21.67	(8.56)	(39.50)
Operating income	5,354.06	5,828.67	(474.61)	(8.14)
Operating expenses	(1,508.64)	(1,462.76)	(45.88)	3.14
Impairment losses on assets	(2,239.73)	(2,722.46)	482.73	(17.73)
Share of profits of associates	3.00	2.26	0.74	32.74
Profit before taxation	1,608.69	1,645.71	(37.02)	(2.25)
Income tax expense	(255.29)	(363.33)	108.04	(29.74)
Profit for the period	1,353.40	1,282.38	71.02	5.54
Net profit attributable to equity Shareholders of the Bank	1,330.32	1,256.20	74.12	5.90
Non-controlling interests	23.08	26.18	(3.10)	(11.84)

Note: (1) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, in the first half of 2021, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

In the first half of 2021, the Group achieved net interest income of RMB4.136 billion. The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, the average rate of return on interest-bearing assets, and the average cost rate of interest-bearing liabilities for the periods indicated.

	For the six months ended June 30,					
	2021	Average annualized		2020	Average annualized	
	Average balance	Interest income/expense	yield/cost ratio (%)	Average balance	Interest income/expense	yield/cost ratio (%)
(in millions of RMB, unless otherwise stated)						
Interest-bearing assets						
Loans and advances to customers	235,028.90	6,090.46	5.18%	212,603.10	5,978.37	5.62%
Financial investments	138,493.03	2,983.00	4.30%	152,402.07	3,831.40	5.02%
Deposits with the Central Bank	37,462.72	269.88	1.44%	33,563.99	242.26	1.44%
Deposits with banks and other financial institutions	2,155.44	3.52	0.32%	2,561.55	4.81	0.38%
Financial assets held under resale agreements	18,947.61	179.95	1.90%	17,483.03	126.93	1.46%
Placements with banks and other financial institutions	3,681.47	43.98	2.38%	2,964.23	23.68	1.60%
Total interest-bearing assets	435,769.18	9,570.79	4.40%	421,577.97	10,207.45	4.84%
Interest-bearing liabilities						
Deposits from customers	321,478.94	3,870.78	2.40%	290,865.46	3,383.31	2.32%
Deposits from banks and other financial institutions	23,316.71	324.20	2.78%	26,044.41	422.65	3.24%
Borrowing from the Central Bank ⁽¹⁾	10,059.58	155.41	3.08%	10,957.25	144.85	2.64%
Placements from banks and other financial institutions	3,997.46	54.85	2.74%	4,344.45	61.53	2.84%
Financial assets sold under repurchase agreements	22,146.03	209.90	1.90%	17,364.67	126.71	1.46%
Debt securities issued	42,218.06	677.79	3.22%	56,091.97	908.69	3.24%
Borrowing from other financial institutions	7,215.60	142.27	3.94%	16,456.54	262.82	3.20%
Total interest-bearing liabilities	430,432.38	5,435.20	2.52%	422,124.75	5,310.56	2.52%
Net interest income ⁽²⁾		4,135.59			4,896.89	
Net interest spread ⁽²⁾		1.88%			2.32%	
Net interest margin ⁽²⁾		1.90%			2.32%	

Note: (1) Includes bill rediscounted business.

(2) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, in the first half of 2021, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the changes in interest income and interest expense resulting from the changes in the Group's volume and interest rates during the reporting periods indicated. Changes in volume are measured by the change in average balance of interest-bearing assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-bearing assets and interest-bearing liabilities. The combined effect of changes in volume and interest rate is embedded in the change in interest rate.

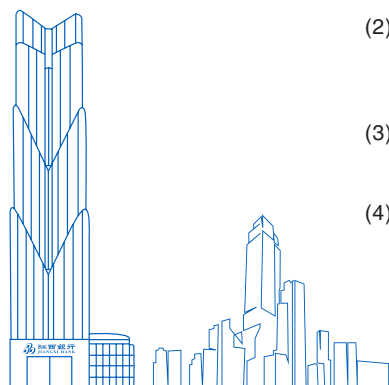
For the six months ended June 30, Compared 2021 with 2020			
Reasons for increase/(decrease)	Net		
	Volume ⁽¹⁾	Interest rate ⁽²⁾	increase/(decrease) ⁽³⁾
(in millions of RMB, unless otherwise stated)			
Interest-bearing assets			
Loans and advances to customers	630.61	(518.52)	112.09
Financial investments	(349.67)	(498.73)	(848.40)
Deposits with the Central Bank	28.14	(0.52)	27.62
Deposits with banks and other financial institutions	(0.76)	(0.53)	(1.29)
Financial assets held under resale agreements	10.63	42.39	53.02
Placements with banks and other financial institutions	5.73	14.57	20.30
Changes in interest income	343.60	(980.26)	(636.66)
Interest-bearing liabilities			
Deposits from customers	356.09	131.38	487.47
Deposits from banks and other financial institutions	(44.27)	(54.18)	(98.45)
Borrowing from the Central Bank ⁽⁴⁾	(11.87)	22.43	10.56
Placements from banks and other financial institutions	(4.91)	(1.77)	(6.68)
Financial assets sold under repurchase agreements	34.89	48.30	83.19
Debt securities issued	(224.76)	(6.14)	(230.90)
Borrowing from other financial institutions	(147.58)	27.03	(120.55)
Changes in interest expense	104.51	20.13	124.64

Note: (1) Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year

(2) Refer to the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the same period of the previous year, multiplied by the average balance for the Reporting Period

(3) Refer to interest income/expense during the Reporting Period minus interest income/expense for the same period of the previous year

(4) Includes bill rediscounted business.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3.2 Interest Income

In the first half of 2021, the Group's interest income amounted to RMB9.571 billion, representing a year-on-year decrease of RMB637 million, or 6.24%. The decrease in interest income was mainly due to the effect of the market interest rates and asset structural adjustment, resulting in an decrease of 0.44 percentage point in the average yield of the Group's interest-bearing assets from 4.84% for the six months ended June 30, 2020 to 4.40% for the six months ended June 30, 2021.

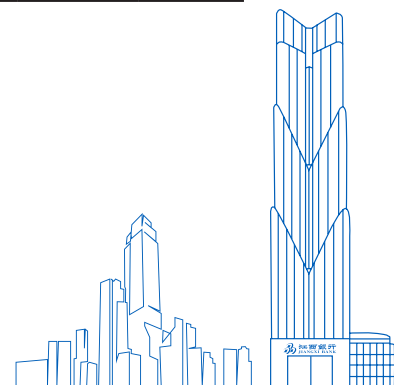
1 Interest income from loans and advances to customers

In the first half of 2021, the Group achieved interest income of loans and advances to customers of RMB6.090 billion, representing a year-on-year increase of RMB112 million, or 1.87%. The main reason was that the average balance of the Group's loans and advances to customers increased from RMB212.603 billion in the first half of 2020 to RMB235.029 billion in the first half of 2021, and partially offset by a year-on-year decrease of 0.44 percentage point in the average yield of the loans and advances to customers. The decrease of the average yield was mainly due to the active respond to the national policies by the Group and effect of the market interest rates, as well as the continuous enhancement of releasing of inclusive finance and support for small and micro and medium-sized enterprises by measures such as lowering borrowing costs.

The following table sets forth the average balance, interest income, and average yield for each component of the Group's loans and advances to customers during the periods indicated.

	Average balance	For the six months ended June 30,				Average yield
		2021	Average yield	Average balance	2020	
		Interest income			Interest income	
(in millions of RMB, unless otherwise stated)						
Corporate loans and advances ⁽¹⁾	158,255.90	4,046.17	5.12%	136,009.20	3,844.76	5.66%
Personal loans and advances	76,773.00	2,044.29	5.32%	76,593.90	2,133.61	5.58%
Total	235,028.90	6,090.46	5.18%	212,603.10	5,978.37	5.62%

Note: (1) Includes bills discounting business.



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2 *Interest income from financial investments*

In the first half of 2021, the Group's interest income from financial investments amounted to RMB2.983 billion, representing a year-on-year decrease of RMB848 million, or 22.14% mainly due to the increase of financial investments that risk can be controlled and relatively high liquidity while adjusting investment structure and reducing the scale of non-standard investments by the Group.

3 *Interest income from deposits with the Central Bank*

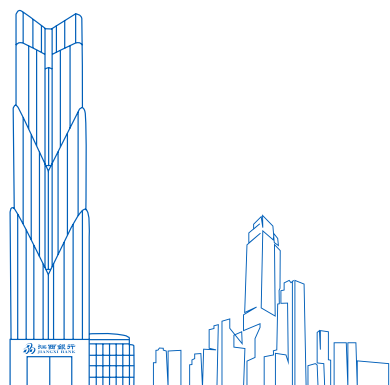
In the first half of 2021, the Group's interest income from deposits with the Central Bank was RMB270 million, representing a year-on-year increase of RMB28 million, or 11.40%, which was mainly due to the increase of RMB3.899 billion in the average balance of deposits with the Central Bank in the first half of 2021 over the same period of the previous year.

4 *Interest income from financial assets held under resale agreements*

In the first half of 2021, the Group's interest income from financial assets held under resale agreements amounted to RMB180 million, representing a year-on-year decrease of RMB53 million, or 41.77%. It was primarily due to an increase of 0.44 percentage point in the average yield ratio of the financial assets held under resale agreements in the first half of 2021 as compared with the same period of last year.

5 *Interest income from placements with banks and other financial institutions*

In the first half of 2021, the Group's interest income from placements with banks and other financial institutions was RMB44 million, representing a year-on-year increase of RMB20 million, or 85.73%. It was primarily due to an increase of RMB717 million in the average balance of the placements with banks and other financial institutions in the first half of 2021 as compared with the same period of last year, and the increase of 0.78 percentage point in the average yield ratio as compared with the same period of last year.



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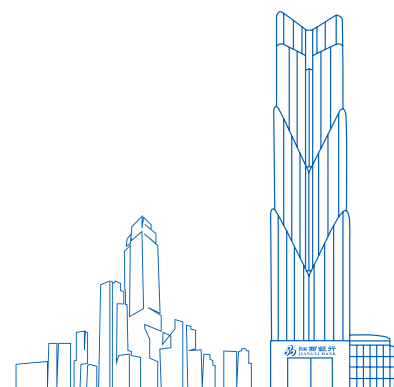
3.3.3 Interest Expense

In the first half of 2021, the Group achieved interest expense of RMB5.435 billion, representing a year-on-year increase of RMB125 million, or 2.35%. The increase in the interest expense was primarily attributable to the increase in the Group's deposits from customers, resulting in an increase in the average balance of the Group's interest-bearing liabilities from RMB422.125 billion for the six months ended June 30, 2020 to RMB430.432 billion for the six months ended June 30, 2021, increasing by 1.97%.

1 Interest expense on deposits from customers

In the first half of 2021, the Group's interest expense on deposits from customers was RMB3.871 billion, representing a year-on-year increase of RMB487 million, or 14.41%, which was primarily attributable to the increase of personal fixed time deposits in the first half of 2021.

	For the six months ended June 30,					
	Average balance	2021 Interest expense	Average cost ratio	Average balance	2020 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	121,693.59	798.14	1.32%	111,284.04	692.24	1.24%
Time	76,695.09	1,049.07	2.74%	86,813.77	1,269.42	2.92%
Sub-total	198,388.68	1,847.21	1.86%	198,097.81	1,961.66	1.98%
Personal deposits						
Demand	20,443.50	42.66	0.42%	21,094.97	64.67	0.62%
Time	102,646.76	1,980.91	3.86%	71,672.68	1,356.98	3.78%
Sub-total	123,090.26	2,023.57	3.28%	92,767.65	1,421.65	3.06%
Total	321,478.94	3,870.78	2.40%	290,865.46	3,383.31	2.32%



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2 *Interest expense on deposits from banks and other financial institutions*

In the first half of 2021, the Group's interest expense on deposit from banks and other financial institutions was RMB324 million, representing a year-on-year decrease of RMB98 million, or 23.29%. This was mainly due to the decrease of the average balance of deposits from banks and other financial institutions from RMB26.044 billion in the first half of 2020 to RMB23.317 billion in the first half of 2021, and the average cost of deposits from banks and other financial institutions decreased from 3.24% in the first half of 2020 to 2.78% in the first half of 2021.

3 *Interest expense on debt securities issued*

In the first half of 2021, the Group's interest expense on debt securities issued was RMB678 million, representing a year-on-year decrease of RMB231 million, or 25.41%. It was mainly due to the decrease in the average balance of debt securities issued from RMB56.092 billion in the first half of 2020 to RMB42.218 billion in the first half of 2021.

4 *Interest expense on borrowing from the Central Bank*

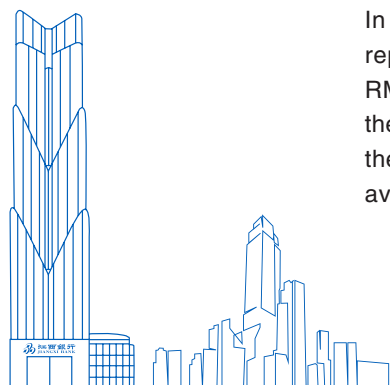
In the first half of 2021, the Group's interest expense on borrowing from the Central Bank was RMB155 million, representing a year-on-year increase of RMB11 million, or 7.29%. It was mainly due to the increase of 0.44 percentage point in the average cost ratio of the Group's borrowing from the Central Bank in 2021 compared with the same period of last year.

5 *Interest expense on placements from banks and other financial institutions*

In the first half of 2021, the Group's interest expense on placements from banks and other financial institutions was RMB55 million, representing a year-on-year decrease of RMB7 million, or 10.86%. It was mainly due to the decrease of the average balance of the Group's placements from banks and other financial institutions from RMB4.344 billion in the first half of 2020 to RMB3.997 billion in the first half of 2021, and the decrease in the average cost ratio of placements from banks and other financial institutions from 2.84% in the first half of 2020 to 2.74% in the first half of 2021.

6 *Interest expense on financial assets sold under repurchase agreements*

In the first half of 2021, the Group's interest expense on financial assets sold under repurchase agreements was RMB210 million, representing a year-on-year increase of RMB83 million, or 65.65%. It was mainly due to the increase in the average balance of the Group's financial assets sold under repurchase agreements from RMB17.365 billion in the first half of 2020 to RMB22.146 billion in the first half of 2021, and the increase in the average cost ratio from 1.46% in the first half of 2020 to 1.90% in the first half of 2021.



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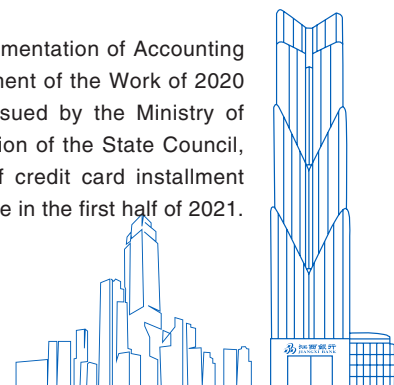
3.3.4 Non-interest Income

1 Net fee and commission income

In the first half of 2021, the Group's realized a net fee and commission income of RMB416 million, representing a year-on-year increase of RMB132 million, or 46.39%, which was primarily due to the Group's stepped up efforts in promoting the development of intermediate business, year-on-year increase in fee and commission income, and the decrease in online loans of the Group and decrease in service fees from platform cooperation compared with the same period of last year.

	For the six months ended June 30,			
	2021	2020	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Fee and commission income	462.92	388.36	74.56	19.20
Agency and custody service fees	250.66	164.37	86.29	52.50
Acceptance and guarantee service fees	107.13	82.28	24.85	30.20
Bank card service fees ⁽¹⁾	38.04	39.91	(1.87)	(4.69)
Settlement and electronic channel business fees	35.51	34.63	0.88	2.54
Financial leasing service fees	29.08	55.19	(26.11)	(47.31)
Advisory and consulting fees	0.91	10.37	(9.46)	(91.22)
Others	1.59	1.61	(0.02)	(1.24)
Fee and commission expense	(46.78)	(104.09)	57.31	(55.06)
Platform cooperation fees	(1.26)	(40.80)	39.54	(96.91)
Financial leasing service fees	(9.52)	(27.38)	17.86	(65.23)
Settlement and clearing fees	(16.61)	(18.49)	1.88	(10.17)
Transaction fees	(19.27)	(16.98)	(2.29)	13.49
Others	(0.12)	(0.44)	0.32	(72.73)
Net fee and commission income	416.14	284.27	131.87	46.39

Note: (1) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, the Group reclassified the income of credit card installment business from fee and commission income to interest income in the first half of 2021. The comparative figures have been adjusted accordingly.



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2 Net trading gains

In the first half of 2021, the Group's net trading gains were RMB101 million, representing a year-on-year increase of RMB71 million, which was mainly due to fluctuations in the price in debt securities market.

3 Net gains arising from financial investments

In the first half of 2021, the Group's net gains arising from financial investments were RMB689 million, representing a year-on-year increase of RMB92 million, or 15.41%, which was mainly due to the increase in fair value of financial assets at fair value through profit or loss of the Group in the first half of 2021.

4 Other operating income

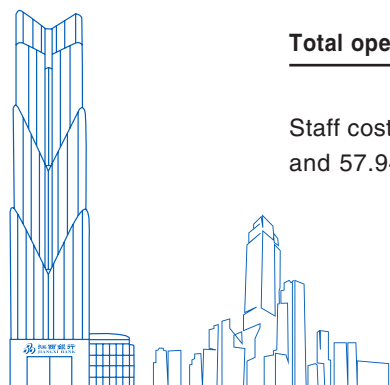
In the first half of 2021, the Group's other operating income was RMB13 million, representing a year-on-year decrease of RMB9 million, or 39.50%, which was mainly due to the decrease in exchange gains and losses resulting from the fluctuations of exchange rate in the first half of 2021.

3.3.5 Operating Expenses

In the first half of 2021, the Group's operating expenses were RMB1.509 billion, representing a year-on-year increase of RMB46 million, or 3.14%.

	For the six months ended June 30,			
	2021	2020	Amount of change	Change rate(%)
(in millions of RMB, unless otherwise stated)				
Staff costs	874.13	855.03	19.10	2.23
Depreciation and amortization	265.71	254.86	10.85	4.26
Tax and surcharges	58.47	65.46	(6.99)	(10.68)
Interest expense on lease liabilities	25.66	24.58	1.08	4.39
Other general and administrative expenses	284.67	262.83	21.84	8.31
Total operating expenses	1,508.64	1,462.76	45.88	3.14

Staff costs are the largest component of the Group's operating expenses, accounting for 58.45% and 57.94% of the total operating expenses in the first half of 2020 and 2021, respectively.

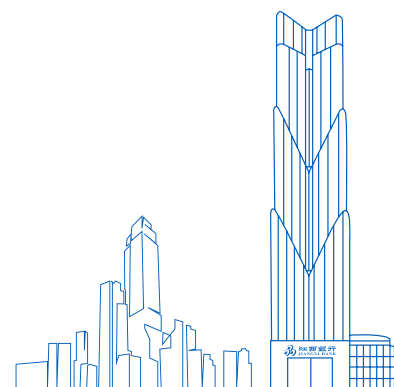


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the components of the Group's staff costs for the periods indicated.

	For the six months ended June 30,			Change rate(%)
	2021 (in millions of RMB, unless otherwise stated)	2020	Amount of change	
Staff costs				
Salaries, bonuses and allowances	617.95	667.17	(49.22)	(7.38)
Social insurance and supplementary retirement benefits	129.57	66.11	63.46	95.99
Housing fund	55.31	50.65	4.66	9.20
Staff welfare	38.38	34.35	4.03	11.73
Employee education expenses and labor union expenses	25.53	25.96	(0.43)	(1.66)
Others	7.39	10.79	(3.40)	(31.51)
Total	874.13	855.03	19.10	2.23

In the first half of 2021, the Group's staff costs were RMB874 million, representing a year-on-year increase of RMB19 million, or 2.23%. It was mainly due to the cancellation of the the preferential policy of 50% reduction by large enterprises' social insurance contributions in Jiangxi in 2021, resulting in an increase of RMB63 million in social insurance and supplementary retirement benefits as compared with the corresponding period of last year.



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3.3.6 Impairment Losses on Assets

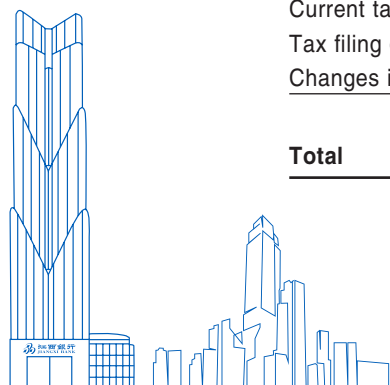
In the first half of 2021, the Group's impairment losses on assets were RMB2.24 billion, representing a year-on-year decrease of RMB483 million, or 17.73%. It was mainly due to the year-on-year provided decrease of RMB786 million in impairment losses on loans and advances to customers as a result of the Group's increased efforts in the collection and disposal of non-performing assets and effective control of non-performing assets. Meanwhile, based on the principle of prudence, the Group increased the provision for impairment losses of financial investments and other assets, representing a year-on-year increase of RMB303 million which effectively enhanced the risk resistance capacity.

	For the six months ended June 30,			Change rate(%)
	2021	2020	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	1,450.12	2,236.31	(786.19)	(35.16)
Financial investments	499.47	313.42	186.05	59.36
Others	290.14	172.73	117.41	67.97
Total	2,239.73	2,722.46	(482.73)	(17.73)

3.3.7 Income Tax Expense

In the first half of 2021, the Group's income tax expense was RMB255 million, representing a year-on-year decrease of RMB108 million, or 29.74%. It was mainly due to the decrease of profit before tax and the increase in disposal of non-performing assets in the first half of 2021 of the Group, resulting in the temporary differences arising from the impairment loss of assets provided in the previous period turning into substantial differences.

	For the six months ended June 30,			Change rate(%)
	2021	2020	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Current tax	618.81	903.06	(284.25)	(31.48)
Tax filing differences	(20.35)	75.09	(95.44)	(127.10)
Changes in deferred tax	(343.17)	(614.82)	271.65	(44.18)
Total	255.29	363.33	(108.04)	(29.74)



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

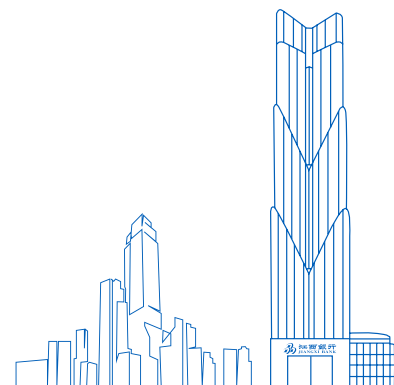
3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

3.4.1 Assets

As of June 30, 2021, the total assets of the Group amounted to RMB473.261 billion, representing an increase of RMB14.568 billion, or 3.18% as compared with the end of the previous year. The increase in the total assets was mainly due to the increase in Group's total loans and advances to customers and deposits with banks and other financial institutions.

	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	254,603.17	—	223,422.06	—
Loans and advances to customers				
accrued interest	557.37	—	599.49	—
Allowances for impairment losses on				
loans and advances to customers	(7,656.70)	—	(6,572.79)	—
Net loans and advances to customers	247,503.84	52.30	217,448.76	47.41
Financial investments	173,175.10	36.59	176,093.09	38.39
Cash and deposits with the Central Bank	36,983.99	7.81	40,761.64	8.89
Deposits with banks and other financial institutions	2,365.43	0.50	2,151.44	0.47
Financial assets held under resale agreements	—	—	3,587.22	0.78
Placements with banks and other financial institutions	2,412.73	0.51	8,231.93	1.79
Other assets ⁽¹⁾	10,820.13	2.29	10,418.74	2.27
Total assets	473,261.22	100.00	458,692.82	100.00

Note: (1) Include interest in associates, property and equipment, deferred tax assets, goodwill, right-of-use assets and other assets.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

1 Loans and advances to customers

As of June 30, 2021, the Group's loans and advances to customers amounted to RMB254.603 billion, representing an increase of RMB31.181 billion, or 13.96% as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

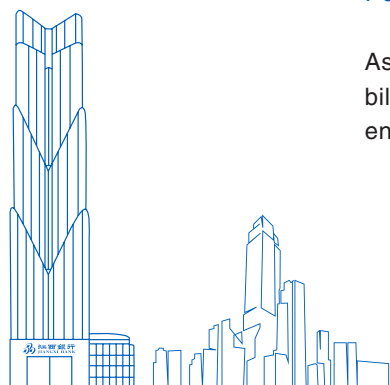
	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	149,520.86	58.72	119,619.24	53.54
Personal loans and advances	78,296.54	30.75	76,958.29	34.45
Sub-total	227,817.40	89.47	196,577.53	87.99
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	2,788.84	1.10	2,413.62	1.08
Discounted bills	23,996.93	9.43	24,430.91	10.93
Sub-total	26,785.77	10.53	26,844.53	12.01
Gross loans and advances to customers	254,603.17	100.00	223,422.06	100.00

Corporate loans and advances

As of June 30, 2021, the Group's corporate loans and advances (discounted bills inclusive) amounted to RMB176.307 billion, representing an increase of RMB29.843 billion, or 20.38% as compared with the end of the previous year, which was mainly due to the expansion of the Group's corporate credit business.

Personal loans and advances

As of June 30, 2021, the Group's personal loans and advances amounted to RMB78.297 billion, representing an increase of RMB1.338 billion, or 1.74% as compared with the end of the previous year.

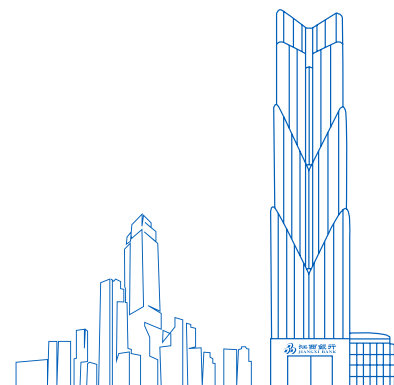


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Financial investments

As of June 30, 2021, the Group's balance of financial investments amounted to RMB173.175 billion, representing a decrease of RMB2.918 billion, or 1.66% as compared with the end of the previous year. The decrease in such assets of the Group in the first half of 2021 was mainly due to the Group's optimization of the structure of assets.

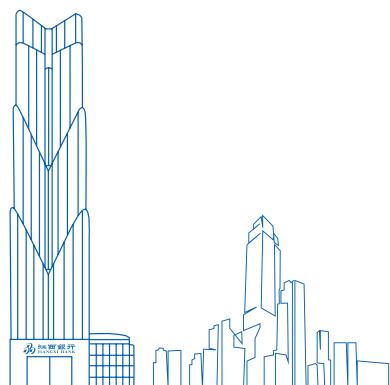
	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Financial investments				
– Financial investments at amortized cost	107,843.10	62.28	106,355.49	60.40
– Financial investments at fair value through profit or loss	40,718.68	23.51	41,071.98	23.32
– Financial investments at fair value through other comprehensive income	24,613.32	14.21	28,665.62	16.28
Total	173,175.10	100.00	176,093.09	100.00



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Distribution of financial investments	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
Debt securities				
Chinese government bonds	30,101.38	17.38	28,013.93	15.91
Policy bank bonds	38,139.06	22.02	36,603.37	20.79
Commercial banks and other financial institutions bonds	603.80	0.35	664.84	0.38
Corporate bonds	18,391.35	10.62	17,399.01	9.88
Sub-total	87,235.59	50.37	82,681.15	46.96
Other financial investments				
Wealth management products issued by financial institutions	—	—	—	—
Fund investments ⁽¹⁾	19,522.70	11.27	20,589.14	11.69
Equity instruments	131.37	0.08	131.79	0.07
Investment management products managed by securities companies and trust plans	64,519.44	37.26	71,046.13	40.35
Sub-total	84,173.51	48.61	91,767.06	52.11
Accrued interest	1,766.00	1.02	1,644.88	0.93
Total	173,175.10	100.00	176,093.09	100.00

Note: (1) Primarily include monetary market funds and bond funds.



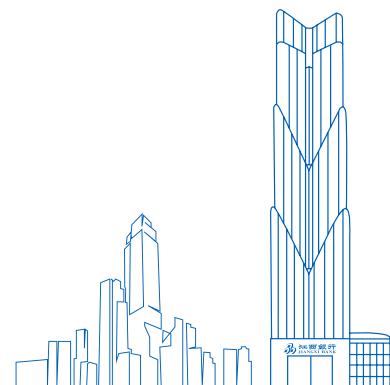
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.4.2 Liabilities

As of June 30, 2021, the Group's total liabilities amounted to RMB436.166 billion, representing an increase of RMB13.416 billion, or 3.17% as compared with the end of the previous year.

	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	334,008.99	76.59	315,770.82	74.68
Deposits from banks and other financial institutions	23,383.22	5.36	21,416.59	5.07
Borrowing from the Central Bank	10,874.08	2.49	15,832.50	3.75
Borrowing from other financial institutions	6,607.20	1.51	7,295.74	1.73
Placements from banks and other financial institutions	4,308.53	0.99	3,204.10	0.76
Financial assets sold under repurchase agreements	8,551.01	1.96	11,172.75	2.64
Debt securities issued	42,892.54	9.83	42,439.82	10.04
Income tax payable	336.07	0.08	412.45	0.10
Other liabilities ⁽¹⁾	5,204.41	1.19	5,205.60	1.23
Total liabilities	436,166.05	100.00	422,750.37	100.00

Note: (1) Consist primarily of lease liabilities, guarantee deposits from leases, accrued staff cost, other tax payables, provisions, and other payables.

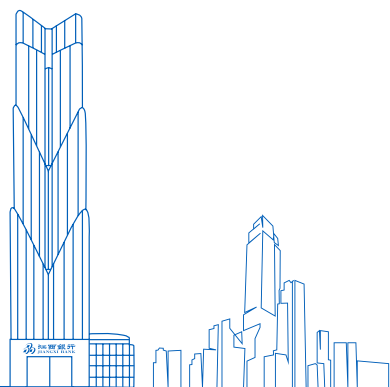


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

1 Deposits from customers

As of June 30, 2021, the Group's total deposits from customers amounted to RMB334.009 billion, representing an increase of RMB18.238 billion, or 5.78% as compared with the end of the previous year, which was mainly due to the Group's achievement in steady increase in deposits from customers through optimizing products and expanding service channels and improving service level.

	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
— Corporate customers	117,141.11	35.08	113,141.57	35.83
— Individual customers	22,244.56	6.66	21,746.22	6.89
Sub-total	139,385.67	41.74	134,887.79	42.72
Time deposits				
— Corporate customers	72,117.66	21.59	71,775.91	22.73
— Individual customers	106,275.95	31.82	94,615.74	29.96
Sub-total	178,393.61	53.41	166,391.65	52.69
Pledged deposits				
— Acceptances	8,059.75	2.41	6,312.19	2.00
— Letters of guarantees	3,021.18	0.90	2,893.90	0.92
— Letters of credit	1,606.45	0.48	1,608.00	0.51
— Others	19.31	0.01	27.70	0.01
Sub-total	12,706.69	3.80	10,841.79	3.44
Inward and outward remittances	42.53	0.01	38.11	0.01
Accrued interest	3,480.49	1.04	3,611.48	1.14
Total	334,008.99	100.00	315,770.82	100.00



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2 Deposits from banks and other financial institutions

As of June 30, 2021, the Group's balance of deposits from banks and other financial institutions was RMB23.383 billion, representing an increase of RMB1.967 billion, or 9.18% as compared with the end of the previous year. The changes in the deposits from banks and other financial institutions were mainly due to the increase in exchange gains or losses on the Group's amounts deposited from inter-banks foreign currency and other financial institutions.

3 Debt securities issued

As of June 30, 2021, the Group's debt securities issued were RMB42.893 billion, representing an increase of RMB453 million, or 1.07% as compared with the end of the previous year. It was mainly due to the increase in the balance of interbank deposit receipts issued by the Group.

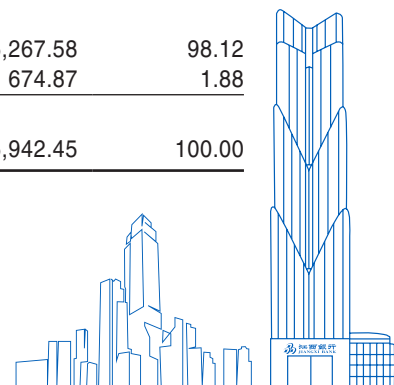
4 Financial assets sold under repurchase agreements

As of June 30, 2021, the Group's amount of financial assets sold under repurchase agreements was RMB8.551 billion, representing a decrease of RMB2.622 billion, or 23.47% as compared with the end of the previous year. It was mainly due to the sufficient liquidity of the Group and the decrease in capital demand.

3.4.3 Equity

As of June 30, 2021, the Group's total equity was RMB37.095 billion, representing an increase of RMB1.153 billion, or 3.21% as compared with the end of the previous year. The total equity attributable to equity Shareholders of the Bank was RMB36.397 billion, representing an increase of RMB1.130 billion, or 3.20% as compared with the end of the previous year.

	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Share capital	6,024.28	16.24	6,024.28	16.76
Capital reserve	13,291.25	35.83	13,291.25	36.99
Surplus reserve	2,887.97	7.79	2,887.97	8.03
General reserve	6,100.64	16.45	6,100.64	16.97
Other comprehensive income	443.04	1.19	342.51	0.95
Retained earnings	7,650.04	20.62	6,620.93	18.42
Total equity attributable to equity Shareholders of the Bank	36,397.22	98.12	35,267.58	98.12
Non-controlling interests	697.95	1.88	674.87	1.88
Total equity	37,095.17	100.00	35,942.45	100.00



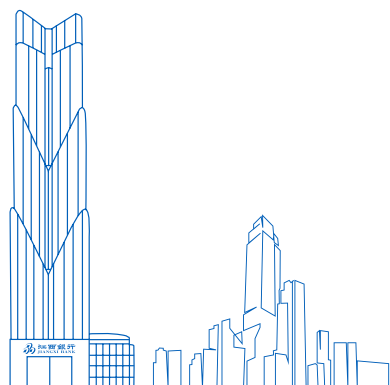
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.5 COMMITMENTS AND CONTINGENT LIABILITIES

The Group incorporated the off-balance sheet business into the unified credit of customers, and under the management of on-balance sheet business, in accordance with the management procedures and management requirements of the pre-investigation, review, approval, contract signing, issuance, post-loan management and mortgage/pledge guarantee.

As of June 30, 2021, the balance of major off-balance sheet items was as follows:

	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Bank acceptances	24,119.33	45.44	19,748.12	41.18
Letters of credit	5,171.13	9.74	5,639.16	11.76
Unused credit card commitments	6,418.93	12.09	5,954.49	12.41
Letters of guarantees	17,226.53	32.45	16,474.21	34.34
Loan commitments	142.00	0.27	145.00	0.30
Sub-total	53,077.92	99.99	47,960.98	99.99
Capital commitments	1.87	0.01	6.24	0.01
Total	53,079.79	100.00	47,967.22	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

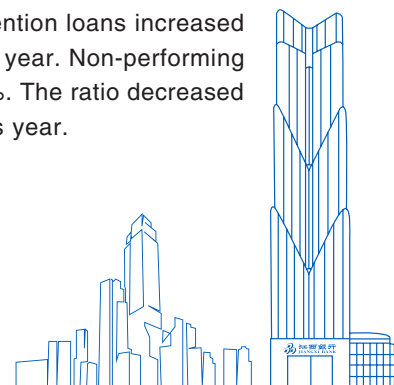
3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's total loans amounted to RMB254.603 billion, representing an increase of RMB31.181 billion, or 13.96% as compared with that at the end of the previous year.

3.6.1 Distribution of Loans by Five-category Classification

	As of June 30, 2021		As of December 31, 2020	
	Total	% of total	Total	% of total
(in millions of RMB unless otherwise specified)				
Five-category classification				
Normal	242,122.91	95.10	214,902.18	96.19
Special mention	8,091.48	3.18	4,650.29	2.08
Substandard	3,176.53	1.24	2,658.31	1.19
Doubtful	555.07	0.22	436.80	0.19
Loss	657.18	0.26	774.48	0.35
Gross loans and advances to customers	254,603.17	100.00	223,422.06	100.00
Non-performing loans and non-performing loans ratio	4,388.78	1.72	3,869.59	1.73
Allowances for impairment losses	7,701.00		6,638.65	
Including: Allowances for impairment losses on loans and advances to customers measured at amortized cost	7,656.70		6,572.79	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	44.30		65.86	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB242.123 billion, accounting for 95.10%. The proportion of normal loans decreased by 1.09 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB8.091 billion, accounting for 3.18%. The proportion of special mention loans increased by 1.10 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB4.389 billion with a non-performing ratio of 1.72%. The ratio decreased by 0.01 percentage points compared with that at the end of the previous year.

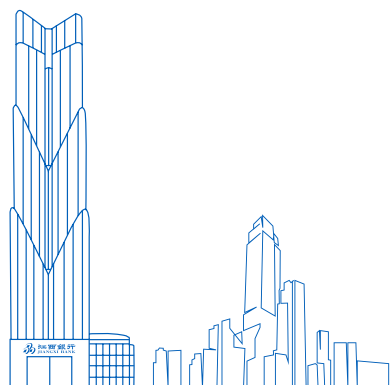


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.2 Distribution of Loans and Non-performing Loans by Product Type

Item	As of June 30, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Corporate loans and advances	152,309.70	59.82	3,525.95	2.31	122,032.86	54.62	2,785.81	2.28
Personal loans and advances	78,296.54	30.75	862.83	1.10	76,958.29	34.45	1,083.78	1.41
Discounted bills	23,996.93	9.43	–	–	24,430.91	10.93	–	–
Total	254,603.17	100.00	4,388.78	1.72	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the total amount of loans of the Group had reached RMB254.603 billion, representing an increase of RMB31.181 billion as compared with the end of last year. The corporate loans increased by RMB30.277 billion, or 24.81% as compared with the end of last year; and the non-performing ratio of the corporate loans reached 2.31%, representing an increase of 0.03 percentage points compared with that at the end of the previous year. The personal loans increased by RMB1.338 billion, or 1.74% compared with that at the end of the previous year. The non-performing ratio of the personal loans reached 1.10%, representing a decrease of 0.31 percentage points compared with that at the end of the previous year. The amount of discounted bills decreased by RMB434 million as compared with the end of last year. The total amount of non-performing loans of the Group reached RMB4.389 billion, representing an increase of RMB519 million as compared with the end of last year. Among which the corporate non-performing loans increased by RMB740 million and the personal non-performing loans decreased by RMB221 million compared with that at the end of the previous year.

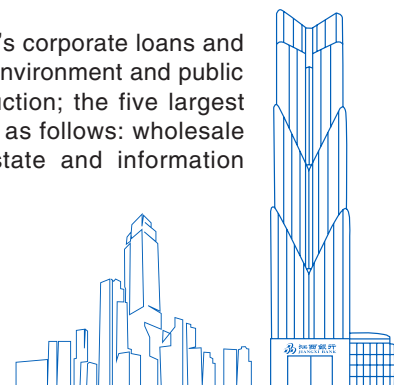


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of June 30, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB unless otherwise specified)							
Agriculture, forestry, animal husbandry and fishery	2,165.24	0.85	251.60	11.62	1,211.65	0.54	122.99	10.15
Mining	1,628.35	0.64	—	—	1,305.52	0.58	—	—
Manufacturing	15,660.69	6.15	363.24	2.32	14,496.39	6.49	389.56	2.69
Production and distribution of electricity, heating power, gas and water	2,365.22	0.93	—	—	1,496.51	0.67	—	—
Construction	14,634.20	5.75	83.51	0.57	11,406.98	5.11	85.71	0.75
Wholesale and retail trade	20,555.47	8.07	1,268.60	6.17	18,000.12	8.06	1,038.60	5.77
Transportation, storage and postal services	4,172.66	1.64	4.98	0.12	4,217.75	1.89	4.98	0.12
Accommodation and catering	1,297.70	0.51	34.64	2.67	1,185.89	0.53	19.60	1.65
Information transmission, computer services and software	1,602.78	0.63	261.34	16.31	1,173.81	0.53	259.76	22.13
Finance	4,109.45	1.61	—	—	2,148.45	0.96	—	—
Real estate	8,998.48	3.53	292.84	3.25	8,145.06	3.65	154.89	1.90
Leasing and commercial services	49,885.39	19.59	806.22	1.62	37,868.99	16.95	514.04	1.36
Scientific research and technical services	79.00	0.03	—	—	207.84	0.09	—	—
Water conservancy, environment and public facility management	21,871.32	8.59	135.84	0.62	15,932.05	7.13	151.70	0.95
Residents services, repairs and other services	119.43	0.05	8.89	7.44	185.03	0.08	8.86	4.79
Education	868.79	0.34	0.50	0.06	791.21	0.35	0.50	0.06
Health, social security and social welfare	1,645.05	0.65	—	—	1,676.97	0.75	20.42	1.22
Culture, sports, and entertainment	650.48	0.26	13.75	2.11	582.64	0.26	14.20	2.44
Public administration, social security and social organizations	—	—	—	—	—	—	—	—
Total amount of corporate loans and advances	152,309.70	59.82	3,525.95	2.31	122,032.86	54.62	2,785.81	2.28
Total amount of personal loans and advances	78,296.54	30.75	862.83	1.10	76,958.29	34.45	1,083.78	1.41
Discounted bills	23,996.93	9.43	—	—	24,430.91	10.93	—	—
Total	254,603.17	100.00	4,388.78	1.72	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the top five industries of the Group's corporate loans and advances include: leasing and commercial services, water conservancy, environment and public facilities management, wholesale and retail, manufacturing and construction; the five largest industries in terms of non-performing loans of the Group were industries as follows: wholesale and retail, leasing and commercial services, manufacturing, real estate and information transmission, computer services and software.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

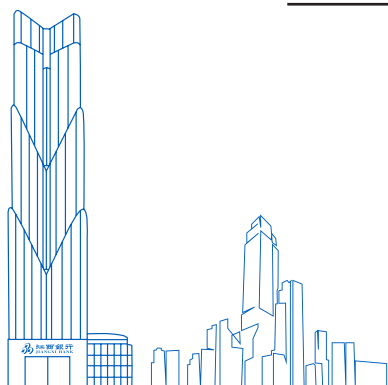
3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of June 30, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Unsecured loans	25,883.12	10.17	458.11	1.77	16,835.75	7.54	571.26	3.39
Guaranteed loans	125,727.44	49.38	2,105.59	1.67	107,185.58	47.97	1,704.65	1.59
Collateralized loans	93,747.47	36.82	1,824.71	1.95	92,178.78	41.26	1,592.24	1.73
Pledged loans	9,245.14	3.63	0.37	—	7,221.95	3.23	1.44	0.02
Total	254,603.17	100.00	4,388.78	1.72	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the main types of collateral of the Group's loans were guaranteed loans and collateralized loans, which accounted for 86.20% of the gross loans. The proportion of unsecured loans, guaranteed loans, pledged loans of the Group increased by 2.63, 1.41, 0.40 percentage points. Collateralized loans rate decreased 4.44 percentage points as compared with the end of last year. Unsecured loans and pledged loans respectively decreased as compared with the end of last year. Guaranteed loans and collateralized loans respectively increased as compared with the end of last year.

3.6.5 Distribution of Loans and Non-performing Loans by Geographical Region

Geographical region	As of June 30, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Nanchang area	131,840.25	51.78	2,853.81	2.16	115,501.62	51.70	2,168.78	1.88
Within Jiangxi Province (apart from Nanchang area)	106,920.73	42.00	738.35	0.69	84,658.14	37.89	851.62	1.01
Outside Jiangxi Province	15,842.19	6.22	796.62	5.03	23,262.30	10.41	849.19	3.65
Total	254,603.17	100.00	4,388.78	1.72	223,422.06	100.00	3,869.59	1.73



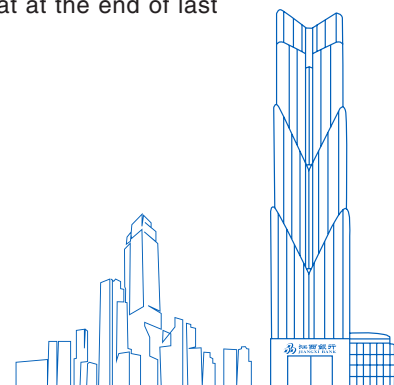
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As of the end of the Reporting Period, the Group's gross loans reached RMB254.603 billion, with loans in Nanchang area, Jiangxi Province (apart from Nanchang area), and outside Jiangxi Province accounting for 51.78%, 42.00%, 6.22%, respectively. The loans in Nanchang area and inside Jiangxi Province (apart from Nanchang area) showed an upward trend compared with the end of the last year, with the proportion increased by 0.08 and 4.11 percentage points, respectively. The amounts of loans originated outside Jiangxi Province demonstrated a downward trend as compared to the end of the last year, accounting for a decrease of 4.19 percentage points of the loans. The total non-performing loans of the Group amounted to RMB4.389 billion, which is concentrated in Nanchang area, accounting for 65.03% of the total non-performing loans, representing an increase of 0.28 percentage point as compared to the end of last year.

3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of June 30, 2021		As of December 31, 2020	
	Loan amount	% of total (%)	Loan amount	% of total (%)
(in millions of RMB, unless otherwise stated)				
Current loans	249,631.58	98.05	219,122.80	98.08
Loans past due for				
Up to 3 months	1,284.07	0.50	1,546.18	0.69
Over 3 months up to 1 year	2,171.60	0.85	1,520.94	0.68
Over 1 year up to 3 years	1,275.69	0.50	977.64	0.44
Over 3 years	240.23	0.10	254.50	0.11
Sub-total	4,971.59	1.95	4,299.26	1.92
Total	254,603.17	100.00	223,422.06	100.00

As of the end of the Reporting Period, the Group's total overdue loans amounted to RMB4.972 billion, representing an increase of RMB672 million as compared with that at the end of last year. The overdue rate was 1.95%, with an increase of 0.03 percentage points from the end of the last year. The overdue loans within 1 year account for 69.51% of total overdue loans, representing a decrease of 1.83 percentage points as compared with that at the end of last year.



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3.6.7 Measures for Non-performing Assets

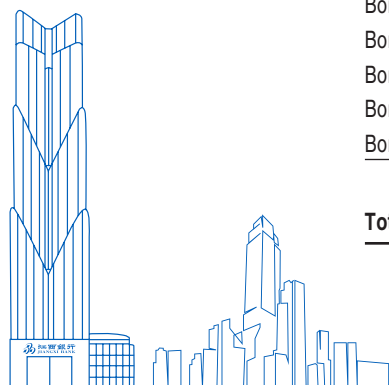
During the Reporting Period, the Group adopted the following measures to control the growth of non-performing assets. First, the Group made scientific planning and deployment, identified the goals of disposal and control, and made the “road map” to achieve the goals. Second, the Group strictly managed the disposal process, guaranteed the efficient completion of collection tasks through the continuous bank leadership responsible supervision, deepened normal scheduling, and regular notification. Third, the Group leveraged internal and external synergies. Priority was given to cash collection. The Group continued to accelerate market-based transfers, expiate debts in kind, renew, extend and restructure loans, write off bad debts in a timely manner, and seek assistance of judiciary authorities in the collection to continuously enhance the effectiveness of disposal. Fourth, the Group seriously implemented the accountability system by conferring rewards and imposing punishments promptly and strictly pursuing the responsibility of non-performing issuance and responsibility for collection.

3.6.8 Large Risk Exposures

(1) Large risk exposures to ten largest non-interbank single customers

In accordance with applicable PRC banking laws and regulations, the Group’s risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital. The following table sets forth the Group’s risk exposures to non-interbank single customers as of the dates indicated.

		As of June 30, 2021		
Item	Industry	Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Leasing and commercial services	4,451.96	1.75	12.36
Borrower B	Water conservancy, environment and public facility management	3,982.00	1.56	11.06
Borrower C	Construction	3,000.00	1.18	8.33
Borrower D	Real estate	2,760.00	1.08	7.66
Borrower E	Leasing and commercial services	2,694.04	1.06	7.48
Borrower F	Information transmission, software and I.T. services	2,645.52	1.04	7.35
Borrower G	Leasing and commercial services	2,625.00	1.03	7.29
Borrower H	An anonymous customer	2,490.36	0.98	6.91
Borrower I	Leasing and commercial services	2,448.93	0.96	6.80
Borrower J	Leasing and commercial services	2,408.64	0.95	6.69
Total		29,506.46	11.59	81.93



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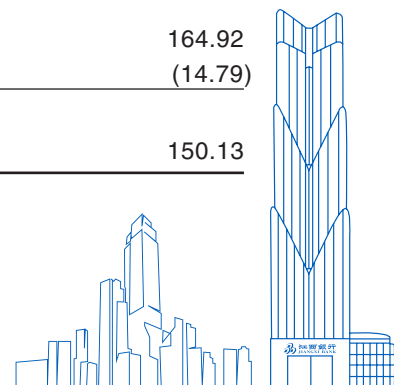
(2) Large risk exposures to ten largest non-interbank related customers

In accordance with applicable PRC banking guidelines, the Group's risk exposures to non-interbank related customers shall not exceed 20% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank related customers as of the dates indicated.

		As of June 30, 2021		
Item	Industry	Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Water conservancy, environment and public facility management	5,479.69	2.15	15.21
Borrower B	Leasing and commercial services	5,209.12	2.05	14.46
Borrower C	Leasing and commercial services	5,088.44	2.00	14.13
Borrower D	Leasing and commercial services	4,204.27	1.65	11.67
Borrower E	Manufacturing	3,774.83	1.48	10.48
Borrower F	Finance	3,589.59	1.41	9.97
Borrower G	Water conservancy, environment and public facility management	3,571.27	1.40	9.92
Borrower H	Leasing and commercial services	3,420.82	1.34	9.50
Borrower I	Leasing and commercial services	3,385.49	1.33	9.40
Borrower J	Leasing and commercial services	3,085.84	1.21	8.57
Total		40,809.37	16.02	113.31

3.6.9 Repossessed Assets and Impairment Allowances

Item	As at June 30, 2021	As at December 31, 2020
	Amount	Amount
(in millions of RMB, unless otherwise stated)		
Land use rights and buildings	159.85	164.92
Less: Impairment allowances	(19.44)	(14.79)
Net repossessed assets	140.41	150.13

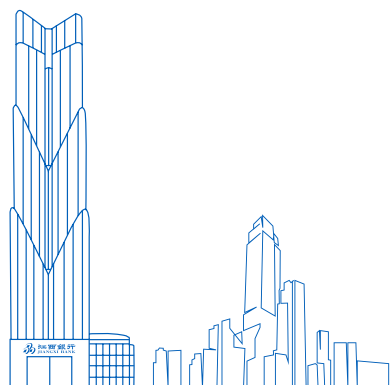


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3.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
As at January 1, 2021	1,455.46	1,986.34	3,130.99	6,572.79
Transferred to 12-month ECL	63.71	(58.38)	(5.33)	–
Transferred to lifetime ECL – not credit-impaired	(57.41)	61.86	(4.45)	–
Transferred to lifetime ECL – credit-impaired	(9.18)	(74.20)	83.38	–
Charged/(released) for the period	749.76	(73.59)	795.51	1,471.68
Transferred out for the period	–	–	(22.76)	(22.76)
Recoveries for the period	–	–	130.46	130.46
Write-offs for the period	–	–	(432.48)	(432.48)
Others	–	–	(62.99)	(62.99)
As at June 30, 2021	2,202.34	1,842.03	3,612.33	7,656.70
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2021	65.86	–	–	65.86
Charged for the period	(21.56)	–	–	(21.56)
As at June 30, 2021	44.30	–	–	44.30

- (1) Stage 1 refers to the expected credit loss for the next 12 months.
- (2) Stage 2 refers to the expected credit loss within the lifetime in which no credit impairment has occurred.
- (3) Stage 3 refers to the expected credit loss within the lifetime in which a credit impairment has occurred.
- (4) The provision for impairment losses on loans and advances at fair value through other comprehensive income is recognised in other comprehensive income.



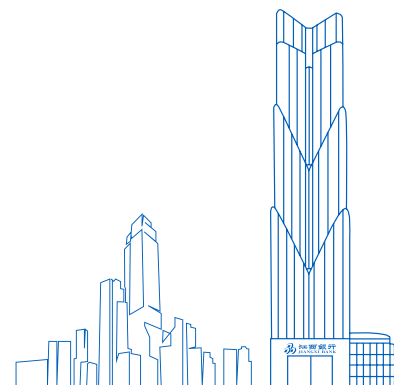
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7 SEGMENT REPORTS

3.7.1 Summary of Business Segment Information

The Group has three principal business activities: corporate banking, retail banking and credit card, and financial markets business. The following table sets forth the main financial indicators for each business segment for the periods indicated.

	For the six months ended June 30, 2021					For the six months ended June 30, 2020				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
(in millions of RMB, unless otherwise stated)										
External net interest income	1,680.95	17.65	2,436.99	-	4,135.59	1,406.90	712.00	2,777.99	-	4,896.89
Internal net interest income/(expense)	777.86	1,023.64	(1,779.47)	(22.03)	(0.00)	1,202.93	403.17	(1,574.15)	(31.95)	-
Net interest income/(expense)	2,458.81	1,041.29	657.52	(22.03)	4,135.59	2,609.83	1,115.17	1,203.84	(31.95)	4,896.89
Net fee and commission income/(expense)	169.94	25.80	209.61	10.79	416.14	157.92	(5.79)	135.13	(2.99)	284.27
Net trading gains	-	-	100.54	-	100.54	-	-	29.10	-	29.10
Net gains arising from financial investments	0.60	-	688.08	-	688.68	15.14	-	581.60	-	596.74
Other operating income/(expenses)	4.13	(3.05)	(11.94)	23.97	13.11	27.89	1.81	3.89	(11.92)	21.67
Operating income	2,633.48	1,064.04	1,643.81	12.73	5,354.06	2,810.78	1,111.19	1,953.56	(46.86)	5,828.67
Operating expenses	(375.12)	(441.84)	(688.46)	(3.22)	(1,508.64)	(409.73)	(366.10)	(683.77)	(3.16)	(1,462.76)
Operating profit before impairment	2,258.36	622.20	955.35	9.51	3,845.42	2,401.05	745.09	1,269.79	(50.02)	4,365.91
Impairment losses on assets	(1,554.44)	(58.12)	(607.24)	(19.93)	(2,239.73)	(1,936.29)	(354.06)	(398.86)	(33.25)	(2,722.46)
Share of profits of associates	-	-	-	3.00	3.00	-	-	-	2.26	2.26
Profit/(loss) before taxation	703.92	564.08	348.11	(7.42)	1,608.69	464.76	391.03	870.93	(81.01)	1,645.71
Proportion to profit before taxation (%)	43.76	35.06	21.64	(0.46)	100.00	28.24	23.76	52.92	(4.92)	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7.2 Main Segment Operating Income

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Corporate banking	2,633.48	49.19	2,810.78	48.22
Retail banking and credit card	1,064.04	19.87	1,111.19	19.06
Financial market business	1,643.81	30.70	1,953.56	33.52
Others	12.73	0.24	(46.86)	(0.80)
Total	5,354.06	100.00	5,828.67	100.00

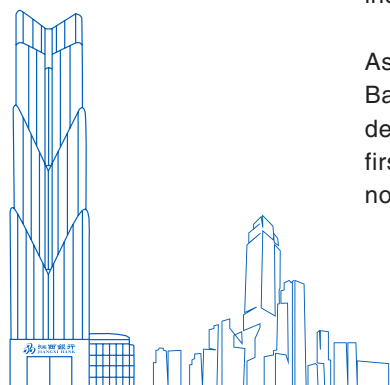
3.8 BUSINESS OVERVIEW

3.8.1 Corporate Banking

1 Corporate deposits

During the Reporting Period, in the face of the variable and complicated domestic and international situation, domestic economy showed a trend of steady and sound development. The Bank made full use of the advantages of integrated financial services, such as financing and credit, payment and settlement, bond underwriting and institutional wealth management, and stayed true to our mission of serving customers; the Bank focused on the development of institutional business and transaction banking business. Relying on financial technology, the Bank strove for new breakthroughs in Internet channel business innovation, supply chain finance and scenario-based finance, and continued to cultivate new growth points for corporate deposits; expanded connected effect of deposit and loan, corporate deposit and personal deposit, domestic and overseas business to continuously increase low-cost corporate deposits; pushed forward the development and assessment of corporate customer groups, such as strategic customers, enterprises under Yingshanhong Action and personnel banks; continuously strengthened the marketing and management of corporate deposits to ensure the steady development of corporate deposit business. As of the end of the Reporting Period, the balance of the Bank's corporate deposits reached RMB201.971 billion, representing an increase of RMB6.211 billion or 3.17% compared to the end of the previous year.

As of the end of the Reporting Period, according to the People's Bank of China, the Bank ranked fourth with a market share of 9.45% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Jiangxi Province; while the Bank ranked first with a market share of 13.17% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Nanchang City.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group had reached RMB152.31 billion, representing an increase of 24.81% as compared with the end of last year. Corporate loans and advances were the largest components of the Group's loan portfolio, most of which were denominated in RMB.

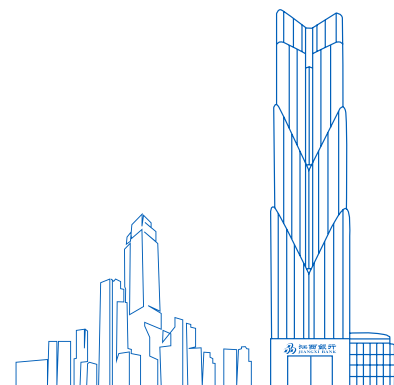
Distribution of corporate loans and advances by product type

The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. The Group's corporate loans and advances increased by 24.81% from RMB122.033 billion for the year ended December 31, 2020 to RMB152.31 billion as of June 30, 2021. This increase was mainly attributable to the Group's active response to the calls of the government to solidly advance precise targets at real economy, with continuous increase in credit support for key areas such as rural revitalization, manufacturing, small and micro enterprises, and green finance, and multiple measures for the development of the real economy.

Item	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Working capital loans	86,000.05	56.46	64,865.28	53.15
Fixed asset loans	46,667.68	30.64	39,119.91	32.06
Financial lease	12,045.25	7.91	11,826.20	9.69
Others ⁽¹⁾	7,596.72	4.99	6,221.47	5.10
Total amount of corporate loans and advances	152,309.70	100.00	122,032.86	100.00

Note:

(1) Mainly includes trade financing, advance payment of acceptance bill and syndicated loan



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by contract maturity

According to their respective contract maturity, the Group's corporate loans and advances include short-term loans and advances as well as medium to long-term loans. The following table sets forth the Group's corporate loans and advances by contract maturity as of the dates indicated.

Item	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Short-term loans and advances ⁽¹⁾	62,571.47	41.08	46,583.26	38.17
Medium to long-term loans ⁽²⁾	89,738.23	58.92	75,449.60	61.83
Total amount of corporate loans and advances	152,309.70	100.00	122,032.86	100.00

Notes:

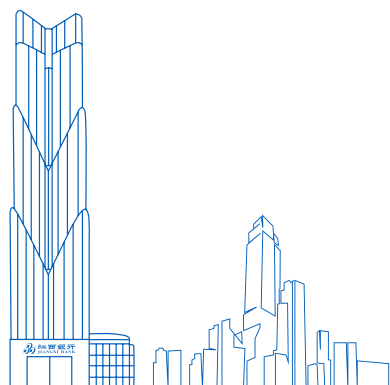
- (1) Consists of loans and advances with contract maturity of one year or less.
- (2) Consists of loans with contract maturity of more than one year.

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB62.571 billion, representing an increase of RMB15.988 billion, or 34.32% compared to the end of the previous year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB89.738 billion, representing an increase of RMB14.289 billion or, 18.94% compared to the end of the previous year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by customer category

The Group provided different loan products and services for customers of various categories and sizes. The Group's corporate loans and advances customers mainly included state-owned enterprises and private enterprises primarily from leasing and commercial services industries, wholesale and retail trade, and manufacturing, etc.

The following table sets forth the Group's corporate loans and advances by the size of corporate customers as of the dates indicated.

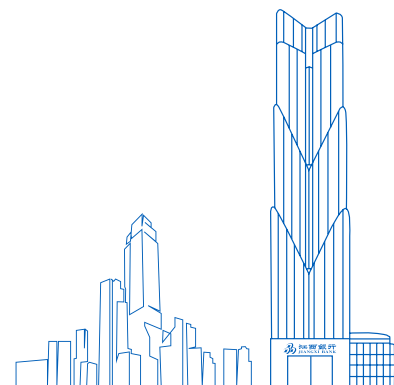
Item	As of June 30, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Micro enterprises ⁽¹⁾	13,253.45	8.70	10,761.47	8.82
Small enterprises ⁽¹⁾	71,382.88	46.87	58,639.61	48.05
Medium enterprises ⁽¹⁾	38,774.38	25.46	34,485.84	28.26
Large enterprises ⁽¹⁾	25,982.51	17.06	15,421.88	12.64
Others ⁽²⁾	2,916.48	1.91	2,724.06	2.23
Total amount of corporate loans and advances	152,309.70	100.00	122,032.86	100.00

Notes:

- (1) Classification Standards of Small and Medium Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
- (2) Primarily includes loans to public institutions such as hospitals and schools.

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB64.757 billion, accounting for 42.52% of the Group's total corporate loans and advances, with an increase of 1.62 percentage points compared to the end of the previous year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB84.636 billion, accounting for 55.57% of the Group's total corporate loans and advances, with a decrease of 1.30 percentage points compared to the end of the previous year.

3 *Corporate customers*

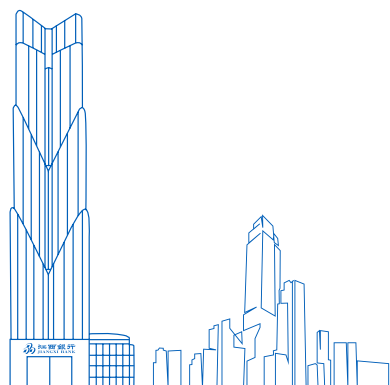
During the Reporting Period, the Bank continued to strengthen customer management and clear corporate accounts that are not used for a long time in accordance with regulatory requirements in order to provide customers with better, more efficient and safer financial services. As of the end of the Reporting Period, the Bank had approximately 72,960 corporate deposit customers and approximately 4,221 corporate loans and advances customers (including discounted bills). During the Reporting Period, on one hand, the Bank continued to carry out special marketing activities, focusing on maintaining the service marketing for administrative institutions, high-quality enterprises and other major customers, with customer structure optimized continuously; on the other hand, the Bank continuously strengthened financial support for special customer groups, such as small and micro enterprises, and businesses related to mass entrepreneurship and innovation, poverty alleviation and agriculture, to effectively improve the customer service experience of small and micro enterprises and inclusive finance customers.

4 *Corporate products*

Settlement business

As of the end of the Reporting Period, the Bank had 12,192 accounts of enterprise mobile banking. Among them, 715 accounts were opened this year and 49,641 new transactions with a total value of RMB1.859 billion were made.

As of the end of the Reporting Period, the Bank had a total of 7,393 accounts of unit settlement card, of which 65 were newly opened this year and 31,668 new transactions with a total value of 331 million were made.



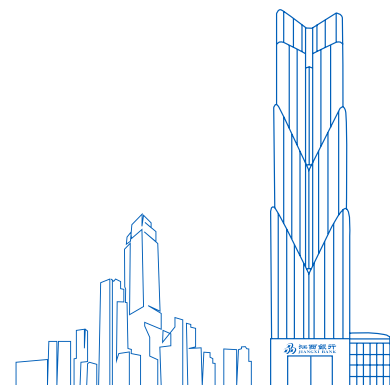
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Supply chain finance

The Bank attaches importance to the application of financial technology to empower supply chain finance and continuously innovate the products of supply chain finance. Starting from core enterprises, the Bank made its contribution to enhancing the stability and competitiveness of the industrial chain and supply chain by implementing precise finance targets at small and micro enterprises and private enterprises on the supply chain. As of the end of the Reporting Period, the Bank's balance of supply chain finance business amounted to RMB4.348 billion. Among them, the online factoring financing business "Cloud Enterprise Chain" has supported 35 industrial chain clusters, covering 18 industries, such as non-ferrous metals, trade and logistics, animal husbandry, forestry, construction, and electronic information and equipment manufacturing. As of the end of the Reporting Period, the "Cloud Enterprise Chain" had a balance of RMB1.566 billion and served 338 upstream enterprises in the industrial chain.

5 *Investment banking*

During the Reporting Period, the Bank actively pushed forward the development of lead underwriting business for non-financial corporate debt financing instruments, focused on enhancement of professional service level, and made full use of the advantages of being a provincial corporate lead underwriter to contribute to the development of Jiangxi's green economy. During the Reporting Period, the Bank underwrote 19 non-financial corporate debt financing instruments for 12 enterprises in Jiangxi Province, with a total issue amount of RMB8.81 billion, of which RMB2.975 billion was underwrote by the Bank. In addition, the Bank actively responded to the call for "carbon peak and carbon neutrality" by successfully underwriting Jiangxi's first carbon neutrality bond, and promoted and underwrote Jiangxi's first asset-backed note for financial leasing to help Jiangxi-based enterprises access to the inter-bank bond market. According to public statistics, the Bank ranked 51th among national underwriters in terms of the underwriting volume of non-financial corporate debt financing instruments, and top 3 among the new underwriters in the same batch nationwide.

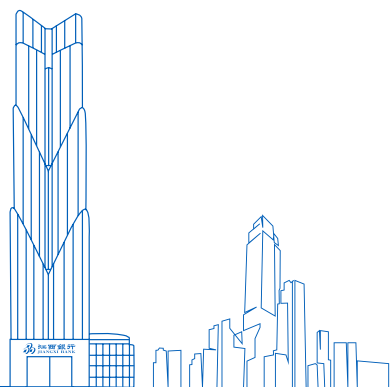


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

6 *Micro-finance*

The Bank is always purpose-driven to serve small and micro enterprises, focused on the weak links of inclusive finance, responded initiatively to supply-side structural reform in the financial sector, ensured stability on six fronts and implemented the task of security in six areas, and made pioneering efforts on reforms in the national inclusive finance reform pilot zone and pilot zone for ceramic culture inheritance and innovation to push forward the high-quality development of inclusive finance of the Bank. As of the end of the Reporting Period, the balance of the Bank's inclusive finance loans (excluding discounts) to small and micro enterprises with the credit granted to a single customer less than RMB10 million (inclusive) was RMB21.123 billion, representing an increase of RMB3.525 billion or 20.03% compared to the end of the previous year; the Bank granted inclusive finance loans to 23,378 small and micro enterprises with the credit granted to a single customer less than RMB10 million (inclusive), representing an increase of 3,306 compared to the end of the previous year, with periodic completion of the regulatory indicators of "two increases".

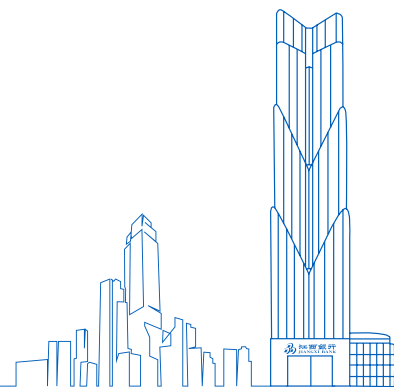
First, inclusive finance reform was focused on and the transformation of pilot zones was promoted. The Bank worked out the Implementation Plan for Comprehensive Financial Services in Inclusive Financial Reform Pilot Zones to contribute to the construction of reform pilot zones by building an inclusive financial service system, driving development of inclusive finance through innovation, intensifying support for rural revitalization, and improving the quality and effectiveness of inclusive financial services. As of the end of Reporting Period, the growth rate of the Bank's inclusive loans to micro and small enterprises in Ji'an and Ganzhou reached 46.63% and 16.86% respectively, with Ji'an branch ranking first among local commercial banks in terms of growth rate. At the same time, the Bank established Jingdezhen Ceramic Service Center to contribute to the construction of Jingdezhen National Pilot Zone for Ceramic Culture Inheritance and Innovation. As of the end of Reporting Period, the balance of the Bank's inclusive loans to small and micro enterprises in Jingdezhen had a net increase of RMB116 million compared to the beginning of the year; among them, the loan balance of Jingdezhen Ceramic Service Center reached RMB51 million, solving the financing difficulty for 206 small and micro customers engaging in ceramics.



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Second, inclusive “Products Fair” of Jiangxi Bank was set up with the application of financial technology. The Bank applied financial technology to accelerate the construction of the digital platform of “Jiangxi Bank Inclusive Finance” and set up an inclusive financial product crucial development team, which has developed innovatively “Yinbao Loan”, “Jiang Xiao Tao” and “Guarantee Loan for TCM”. The “Bank Statement Loan” is under testing, and is going to roll out. The business mode of the “Loan for Innovation-oriented Technology Enterprises” was preliminarily determined. At the same time, the Bank innovatively launched featured products for local featured industrial clusters, such as “Nankang Furniture Loan”, “Tea Oil Loan”, “Guarantee Loan for Individual Business”, “Loan for Jiangxi Businessmen in Guangzhou”, “Startup Loan for Veterans”, “Huiyi Loan” and “Bank-Medicine Loan”. Existing “Enterprise E Loan” and “Tobacco Business Loan” were optimized and upgraded. As a result, the inclusive “Products Fair” of Jiangxi Bank has preliminarily taken shape.

Third, the management system was improved and quality and efficiency of inclusive financial service were improved. The Bank formulated the “Optimization Plan for Pre-Lending Investigation Checklist for Inclusive Finance Business”, which differentiates between lenders, credit enhancement methods and credit amounts, and removes and simplifies dozens of loan application documents, taking into account the Bank’s operational efficiency and risk control management requirements. The Bank also optimized the interest rate pricing approval process and system to the extent that all prices not lower than the bottom line are not subject to approval by the head office, and differentiated approval delegation applies to branches and sub-branches, and as a result, the business process is optimized greatly. In addition, the Bank issued Opinions on the Implementation of Complaint on the Duty and Liability Review Results in Inclusive Financial Credit Business, which ensures that no one who has fulfilled their duties in inclusive credit business is held liable, and opens a complaint channel to object to the improper accountability, implementing both “burden reduction” and “deregulation”, with a view to reassure salespersons in serving inclusive finance customer groups.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

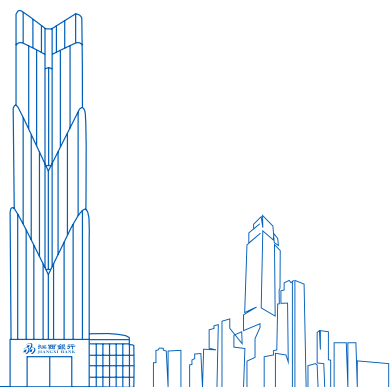
3.8.2 Retail Banking

1 *Retail deposits*

During the Reporting Period, the Bank, based on its understanding of deposits policies and market conditions, organized peak season marketing activities with respect to personal banking business and guided branches and sub-branches to transform their operation mode of personal banking business, and promoted stable growth of retail deposits by strengthening process management and broadening assessment indicators. As of the end of the Reporting Period, the Group's retail deposit balance reached RMB128.521 billion, representing an increase of RMB12.159 billion or 10.45% compared to the end of the previous year. With consolidated market share in savings deposits as of the end of the Reporting Period, according to the People's Bank of China, the Bank took up a market share of 4.99% in RMB savings deposits in Jiangxi Province, ranking 7th among banking financial institutions in Jiangxi Province. During the Reporting Period, the Bank's incremental market share of savings deposits was 5.00%, representing a year-on-year increase of 0.42 percentage points, and ranking 1st among the city commercial banks in Jiangxi Province in terms of incremental market share. During the Reporting Period, the Bank continued to deeply tap the growth potential of retail deposit market in counties. As of the end of the Reporting Period, the Bank's county sub-branches set up in county-level areas within the Jiangxi Province recorded a daily average savings deposit balance of RMB34,421 billion, representing an increase of RMB2,669 billion or 8.41% compared with the end of the previous year

2 *Retail loans*

As of the end of the Reporting Period, the Group's personal loans and advances amounted to RMB78.297 billion, representing an increase of RMB1.338 billion or 1.74% compared to the end of the previous year. In order to provide important support for the consumption upgrading set out in the 14th Five-Year Plan, the Bank provided financial support for the residents' consumption upgrading through the "online + offline" model, optimized the application process of small personal consumption loans, and made full use of financial technology and due diligence by account manager offline to provide customers with a full range of financial services for their convenience and benefit.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

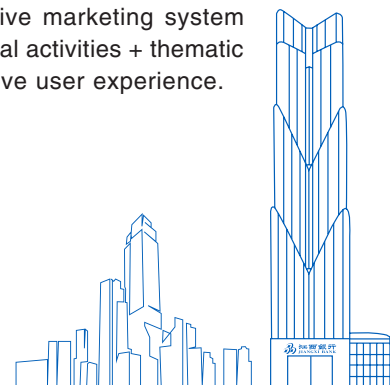
3 *Retail customers*

During the Reporting Period, the Bank optimized its commission-based products system and focused on cross-selling to solidify its retail customer base; with Fairview Jiangxi as the brand image, the Bank organized branches to carry out more than 50 offline marketing activities on the themes of “Fairview Jiangxi in Spring” and “Midsummer Cool Festival”. Cooperating with Meituan and WeChat, the Bank carried out online promotional activities targeting young customer groups, and these widely acclaimed activities attracted more than 10,000 netizens to participate and brought about a year-on-year increase of 55.00% in transaction amount. As of the end of the Reporting Period, personal VIP customers reached 340,900, representing an increase of 32,900 or 10.68% compared to the end of last year.

4 *Bank cards*

During the Reporting Period, the Bank expanded its mobile payment channels by cooperation with TikTok and Pinduoduo, two top internet platforms, being among the first city commercial banks supporting TikTok payment. The Bank also cooperated with Alipay and WeChat Payment to enable “One Click Binding of Debit Card”. As of the end of the Reporting Period, the online payment with the Bank’s debit cards was made for a total of 38,200.1 thousand transactions, with cumulative transaction amount of RMB29.983 billion and 2,217.7 thousand contracted customers, representing an increase of 20.64%, 29.82% and 19.17% over the same period of the previous year, respectively.

During the Reporting Period, the Bank’s credit card business aimed to achieve the goal of “increasing quantity, increasing growth and ensuring quality”, and the Bank always adhered to the bottom line of risk and promoted the development of digital transformation of credit card business. First, the Bank deepened the application of financial technology to empower the development of the whole-process risk control system. The Bank’s credit cards are supported by big data models to build customer portraits and complete the establishment of a credit card data analysis platform available in the entire business process, providing strong data support for risk process monitoring, strategy iteration and optimization, and customer portrait analysis. Second, the Bank actively explored the integration of financial technology and credit card business to innovatively develop borderless card products, and to achieve the scenario applications of “on-site card issuance, approval and use within seconds” through fast application, digital risk control and other methods, so as to provide customers with a new generation of payment experience. Third, the Bank actively explored transboundary integration to provide diversified user experience. Centering consumer needs, integrating online and offline resources, adhering to the marketing concept of “systematic marketing activities and differentiated user operation”, the Bank built a comprehensive marketing system composed of “first swiping activities+ brand-based activities + special activities + thematic activities” and featuring accurate marketing to continuously improve user experience.



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As of the end of the Reporting Period, the Bank issued 652,400 credit cards in total, representing a year-on-year increase of 13.83%; the accumulative number of customers was 627,400, representing a year-on-year increase of 13.27%; and the overdraft balance of credit cards was RMB3.742 billion, representing a year-on-year increase of 0.5%.

5 *Wealth management*

During the Reporting Period, the Bank guided branches to carry out diversified asset allocation for customers and investor education activities, and enhance the quality and efficiency of various wealth management businesses. The Bank continued to enrich the range of wealth management products by introducing 4 insurance companies including Taikang Life and 5 fund companies including ETF, and rolling out more than 40 new products. As of the end of the Reporting Period, the Bank sold on a commissioned basis personal financial products with sales amount of RMB225 million, and income of RMB10.1546 million, which represents 143.06% of the previous year's revenue.

3.8.3 Financial Markets Business

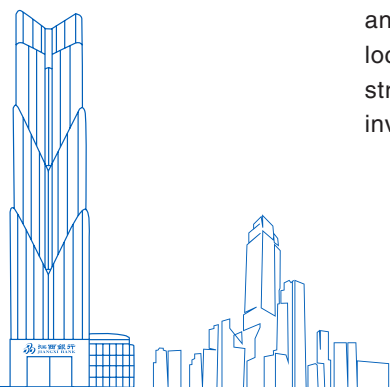
1 *Money market business*

During the Reporting Period, the PBC adopted a prudent monetary policy that is accurate, flexible, proper, and stable; maintained reasonable and ample liquidity; gave full play to the targeted guiding role of structural monetary policies such as refinancing, rediscount, and direct tools; have continued to release the dividends of LPR reform, kept the increases in money supply and aggregate financing generally in step with economic growth in nominal terms. As a result, the financial market was running smoothly.

As of the end of the Reporting Period, the balance of the Bank's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB4.778 billion, and the balance of the Group's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements amounted to RMB36.243 billion.

2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank held the guiding idea of "deleveraging, de-nesting and risk control" for its investment business. Based on the principle of serving the local economy and prudent operation, the Bank continuously optimized the investment structure to build up strength for the enhancement of quality and efficiency of the Bank's investment business and transformation.



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As of the end of the Reporting Period, the balance of the Bank's bond investment was RMB87.236 billion, representing an increase of 5.51% compared to the end of last year, including local government bonds and local credit bonds of RMB10.749 billion, which strongly supported the development of local economy; the balance of investment in trust products, securities industry company products and other specific purpose vehicles was RMB84.174 billion.

3 *Assets management business*

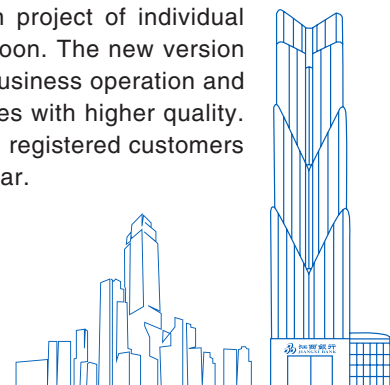
During the Reporting Period, strictly following the rectification requirements of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions on transition period, the Bank implemented the guiding principles of regulatory policies to steadily promote the transformation to net worth wealth management. As of the end of the Reporting Period, the Bank's wealth management products had a subsisting balance of RMB32.634 billion, representing a decrease of 4.64% compared to the end of last year, including RMB26.662 billion of subsisting net worth wealth management products, accounting for 81.70%, representing an increase of 37.14% compared to the end of last year.

In accordance with the relevant requirements of the People's Bank of China and the CBIRC on the transformation of asset management business, the Bank formulated a plan for the overall transformation and development of asset management business by strengthening internal management, investor education and intensifying the promotion of net worth products, and considering its actual conditions. The Bank steadily pushed forward the transformation of products and promoted the steady transformation and development of asset management business by improving the product system, enhancing investment capability and reinforcing the risk control system.

3.8.4 Network Finance Business

During the Reporting Period, the Bank insisted on the service concept characterizing with "Customer-Oriented", actively implemented financial support to prevent and fight against the pandemic, reduced and waived corporate transfer charges, which effectively reduced the burden of enterprises, and provided customers with safe, convenient and efficient online financial services through multiple channels of e-banking.

Individual e-banking: During the Reporting Period, the Bank will introduce the simple version of handheld bank service in the coming future, thus to consistently implement relevant policies and provide considerate financial services with high quality to the elderly customers; for the purpose of realizing the unified management of backend customers and transaction data in individual online banking and handheld bank, the Bank launched the renovation project of individual online banking, which has staged into internal tests and would launch soon. The new version of individual online banking based on novel interface, more convenient business operation and fine system performance will provide efficient financial ecological services with higher quality. As of the end of the Reporting Period, the number of individual e-banking registered customers totalled 2,427,100, an increase of 9.97% compared to the end of last year.



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Corporate e-banking: for better serving corporate clients, the Bank initiated the revision of corporate online banking and corporate mobile banking during the Reporting Period. As of the end of the Reporting Period, the number of corporate e-banking customers totalled 58,500, an increase of 5.84% compared to the end of last year.

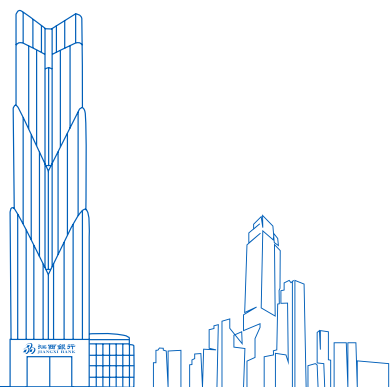
Telephone banking: During the Reporting Period, the customer service center received a total of 412,300 calls from customers, with an average daily rate of 2,278 calls, 92.42% telephone connection rate, and 99.77% customer satisfaction rate.

WeChat official account: As of the end of the Reporting Period, the Bank's WeChat Official Account had a total of 841,600 followers, up by 5.46% compared to the end of last year.

3.8.5 International Business

During the Reporting Period, the Bank responded to the changes in market and customer needs in accordance with relevant policies. Relying on the cross-border payment, letter of credit, cross-border guarantee and other business services, the Bank provided diversified and personalized cross-border financial service solutions for customers, to help them bring down financing costs, broaden financing channels, and help enterprises in the province to expand export-oriented business. As of the end of the Reporting Period, the Bank's international settlement volume amounted to approximately RMB17.264 billion, and the intermediary business income from international business amounted to RMB51.6773 million, representing an increase of 5.34% as compare to the same period of the last year.

The Bank is committed to promoting the online operation of product lines and improving the level of convenience, thus providing customers with more convenient payment settlement and financing services. The Bank realized the improvement of the international business functions of corporate Internet banking and personal mobile banking by launching the forfaiting sub-system of electronic letter of credit information exchange system, and realized the online processing of the whole process of domestic letter of credit issuance, forfaiting business application, forfaiting circulation and other functions. In the first half of 2021, the Bank became the first local corporate bank in Jiangxi Province accessing the cross-border RMB trade and finance transfer service platform, thus opening up a new channel for providing diversified trade and finance transfer service for customers.



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3.8.6 Informatization Construction

1 *Developing Digital Inclusive Finance*

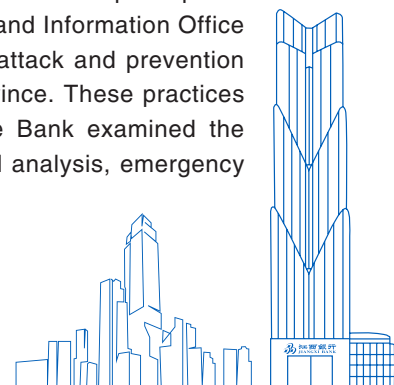
In cooperation with local governments, the Bank created a precise connection platform for small and micro financing, through unified traffic portal, automatic marketing and promotion, and intelligent risk control decision-making, the Bank lowered the cost of connection between the Bank and enterprises and served small and micro customers in a targeted manner; while creating an new model of serving small and micro customers and launching “Jiang Xiao Tao” special products. the Bank will continuously develops “Pure Online” Inclusive Business and “Bank Statement Loan”. In June 2021, the Bank’s “Blockchain + Supply Chain Helping Small and Micro Enterprises to Improve Financing Quality and Expansion” was appraised and selected as a typical case of digital economy in Jiangxi Province by the Leading Group of Jiangxi Digital Economic Innovation and Development.

2 *Deepening the application of data innovation*

The Bank built a whole-process risk control system of credit card and established a platform for analysis and decision-making of credit card data, for strengthening business management and control of pre-credit, in-credit and post-credit, and achieving the unified management of risk control strategic model and improving iterative efficiency of risk control strategy. For more than 5,000,000 existing customers, the Bank applied technologies such as big data, AI machine learning and deep learning algorithms to have user label system with 50+ index, accurately draw customer portraits, create intelligent marketing models, identify customer needs and improve marketing precision rate on the basis of the basic customer attributes, the asset holdings distribution, the customer asset transaction change trend and other dimensions. The Bank launched 360° omnidirectional view of branches, to facilitate the operation and management by its internal institutions.

3 *Continuing to strengthen safety construction*

To further optimize the disaster recovery system, the Company established a remote application-level disaster recovery center in Shangrao and officially put it into use in May 2021. With the disaster recovery center, the Bank improved the level of business continuity drills, and put into operation the important management system for seven days in the same city for the first time. In terms of network security, first, the Bank participated in the network security emergency drill organized by the Internet and Information Office of Jiangxi Provincial Party Committee and the network security attack and prevention drill organized by the Public Security Department of Jiangxi Province. These practices of the Bank improved network security. Through the drills, the Bank examined the monitoring and warning of network security events, research and analysis, emergency



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response, and restoration and reconstruction capabilities, while training its capabilities of emergency management and technical team support. Second, the Bank made a good job of ensuring network security and business continuity during the important period of the 100th anniversary of the founding of CPC. Third, the Bank built depth network security defense system, added a full traffic analysis platform, a unknown threat attack monitoring and analysis platform and two attack trapping systems. Fourth, the Bank continuously monitored and disposed of various types of network attack acts. The Bank strengthened the network security management and control of branch offices and deepened network security publicity and education for customers and employees.

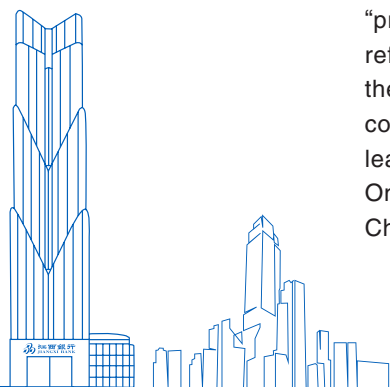
4 *Strengthening the Management of Science and Technology Foundation*

The Bank implemented structural adjustment, during which the technological infrastructure was shifted from “stability” to “sensitivity” and transaction service was shifted from “distributed service” to “micro service”. The Bank continuously enhanced its financial security, steady carried out the pilot project of innovative applications of information technology and strengthened the independent control over the information system. While continuing to consolidate the foundation of operation and maintenance, the Bank strengthened the construction of the automatic operation and maintenance platform, realized comprehensive intelligent monitoring of 196 application systems. Through the integration of monitoring and forewarning information and operational data of various application systems, the Bank created a operational screen with an integrated of monitoring and forewarning. With the aid of one-click automatic deployment tools, the Bank completed the automatic deployment of important systems, which improved the efficiency of deployment and decreased the risk of manual deployment. The Bank took various measures to strengthen outsourcing management, forestall IT outsourcing security risks and and improve outsourcing service quality.

3.8.7 Subsidiary Business

1 *Subsidiary business*

Jiangxi Financial Leasing Corp., Ltd. (“Jiangxi Financial Leasing”) was established in November 2015 with a registered capital of RMB1 billion, which is held as to 51% by Jiangxi Bank. In March 2018, the registered capital of Jiangxi Financial Leasing was increased to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing, adhering to the “professional and specialized” development strategy, has operated prudently and kept refining its business structure. Since 2021, Jiangxi Financial Leasing has intensified the transformation of operating lease and direct lease business; has strengthened cooperation with equipment manufacturers and promoted the sales of equipment through leasing of manufacturers, which further enhanced the ability to serve the real economy. On May 19, 2020, the credit rating of Jiangxi Financial Leasing was rated as AAA by China Cheng Xin International Credit Rating Co., Ltd. with a stable outlook.



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As of the end of the Reporting Period, the total assets of Jiangxi Financial Leasing were RMB12.073 billion, representing a decrease of 9.78% as compared with RMB13.381 billion at the end of last year; the net assets were RMB2.844 billion, representing an increase of 3.87% as compared with RMB2.738 billion at the end of last year. In the first half of 2021, the net profit amounted to RMB106 million, which was the same as the corresponding period of last year. All regulatory indicators were up to standard. As of the end of the Reporting Period, Jiangxi Financial Leasing obtained a credit line of RMB61.963 billion from a total of 114 financial institutions. The available credit line was sufficient to guarantee the Company's continuous issuance of loans and payment of due liabilities.

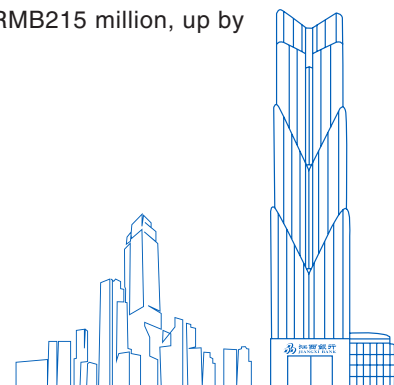
In the future, Jiangxi Financial Leasing will make the best of the characteristics of "financing capitals + financing goods", stick to the sustainable development path featuring localization, specialization and professionalization, and actively serve the development of local economy.

2 Jinxian Ruifeng County Bank

Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on June 15, 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services. Since its establishment, Jinxian Ruifeng has been actively implementing the Group's overall development strategy, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, set solid groundwork in county areas, supporting small and micro businesses and serving agriculture, rural areas and farmers, as well as insisted on compliance and legality.

On December 25, 2020, the CBIRC Jiangxi Office issued the Gan Yin Bao Jian Fu [2020] No. 365 Reply on the Change of Registered Capital of Jinxian Ruifeng County Bank (《關於進賢瑞豐村鎮銀行變更註冊資本的批復》) in response to the Request for the Change of Registered Capital of Jinxian Ruifeng County Bank (《進賢瑞豐村鎮銀行關於變更註冊資本的請示》), and the Bank increased its capital by RMB50 million at RMB1 per share. As of the end of the Reporting Period, the Bank owned a 69.50% equity interest in Jinxian Ruifeng County Bank.

As of the end of the Reporting Period, the total assets were RMB284 million, up by RMB18 million from the end of last year; the total loans were RMB110 million, up by RMB10 million from the end of last year; the total liabilities were RMB215 million, up by RMB20 million from the end of last year.



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3 Immaterial businesses of affiliated enterprises

As of the end of the Reporting Period, the Bank had four immaterial affiliated enterprises that were village and township banks, namely Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐桔都村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). The village and township banks actively implemented the Group's overall development strategy, adhered to the general tone of making progress while maintaining stability, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, set solid groundwork in county areas, supporting small and micro businesses and serving agriculture, rural areas and farmers, as well as adhered to the business guiding philosophy of compliance and legality. This further improved the structure and level of corporate governance, and clarified the focus of serving agriculture, rural areas and farmers and the market positioning of serving small and micro businesses and farmers in rural areas.

As of the end of the Reporting Period, the total assets of these village and township banks were RMB3.279 billion, up by RMB426 million from the end of last year; the total loans were RMB2.006 billion, up by RMB202 million from the end of last year; the total liabilities were RMB2.844 billion, up by RMB412 million from the end of last year.

3.9 PLEDGED ASSETS OF THE GROUP

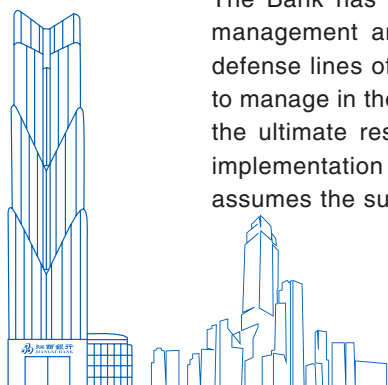
Details of the pledged assets of the Group are set out in the Note 38(e)(i) to the unaudited interim financial report.

3.10 RISK MANAGEMENT

For the risk management, the Bank adopts the mode of comprehensive risk management to ensure steady development of the Bank, realize appreciation of shareholder value, and fulfill social responsibilities.

The comprehensive risk management of the Bank includes credit risk, liquidity risk, market risk, operational risk, information technology risk, legal compliance risk, reputational risk, strategic risk and other risks.

The Bank has established an organizational structure for risk management featuring “centralized management and matrix distribution” to clarify risk management responsibilities, and form three defense lines of risk management: “business unit to control by itself in the first line, risk department to manage in the second line, and audit department to supervise in the third line”. The Board assumes the ultimate responsibility for comprehensive risk management, senior management assumes the implementation responsibility for comprehensive risk management, and the Board of Supervisors assumes the supervision responsibility for comprehensive risk management.



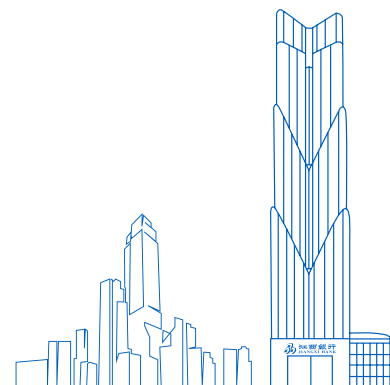
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.10.1 Management of Credit Risk

Credit risk refers to the risk of economic losses caused by the counterparty's failure to fulfill the obligations in the contract, which mainly comes from various loan portfolios, investment portfolios, guarantees and other on-balance-sheet and off-balance-sheet credit risk exposures.

During the Reporting Period, the Bank improved the credit risk management by taking the following measures:

1. Strengthening concentration risk management. The Bank improved the risk limit control system and enriched the dimensions of limit indicators. Upholding the risk concept of “small and decentralized loans”, the Bank focused on formulating differentiated limit control strategies for single customers, real estate and government financing businesses, and adjusted the credit structure throughout the Bank.
2. Strengthening the development and application of rating models. The Bank strengthened the development of non-retail models. It developed 28 customer rating models, 28 debt rating models and two post-credit monitoring models, and designed supporting model application strategies to further improve the accuracy and effectiveness of risk models. The Bank strengthened the application of retail models, launched the semi-automatic approval pilot program.
3. Improving risk monitoring capability. First, enriching the dimensions of data introduction. The Bank achieved connection with national credit information, promoted the introduction of credit data of other banks and the implementation of equity penetration map, and further expanded the scope of investigation of customer risks. Second, optimizing the data scheduling strategy. The Bank launched the batch dispatch function of external data, improved the efficiency in the use of industrial and commercial, judicial, credit information and credit data, and expanded the scope of credit customer inquiry. Third, deepening the application of data. The Bank explored external debt information of credit customers and enriched judicial data information, to provide a decision-making reference for credit review and approval and realize accurate monitoring of cases involving credit customers.



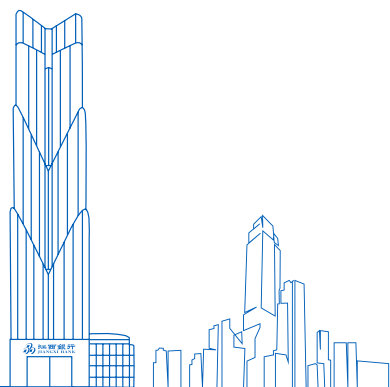
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3.10.2 Liquidity Risk Management

Liquidity risk refers to the risk of loss or bankruptcy caused by the inability of commercial banks to provide financing for the reduction of liabilities and (or) the increase of assets.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen liquidity risk management:

1. The Bank dynamically monitored the assets and liabilities in each term interval, studied and concluded the level of market liquidity, and analyzed the source and use of funds, actively marketed general deposits, sought inter-bank funding sources when needed, and carefully and moderately regulated the development strategy of medium-term and long-term assets, so as to maintain an overall balanced development of assets and liabilities. The liquidity level of the Group remained reasonable and sufficient, and all liquidity regulatory indicators were higher than the regulatory requirements. As of June 30, 2021, the Group's liquidity ratio was 72.59%; NSFR was 147.16%; and liquidity coverage ratio was 315.02%. The balance of qualified high-quality liquid assets was RMB59.463 billion, and the amount of net cash outflow in the next 30 days was RMB18.876 billion. The Group followed the macro market changes thus to actively adjust the liability structures, and shortened the maturity of inter-bank liabilities in appropriate manner and effectively reduced the cost of liabilities while reducing the scale of inter-bank liabilities, liquidity coverage ratio fluctuated within the range.
2. The Group conducted close monitoring of the daily daytime liquidity and dynamic allocation of capital positions based on the trend of the capital market and customer needs, ensure the reserve at a reasonable level, so as to guarantee the Group's daytime fund payment security.
3. The Group conducted dynamic monitoring of various liquidity indicators, realized a steady progress with good momentum of the indicators, and achieved reasonable matching of assets and liabilities by adjusting the maturity structure of assets and liabilities.
4. The Bank built a strong defense against liquidity risks through increasing the proportion of highly liquid assets, properly allocating liquid assets under different maturity and maintaining a reasonable and sufficient provision via current multi-layer liquidity reservation.



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5. The Bank conducted a liquidity emergency drill in a scientific manner, simulated the impact of small-probability events in an emergency situation combined with stress test scenario parameters, handled all nodes safely, optimized emergency management mechanism, and improved the emergency handling ability to keep the liquidity risk of the Group stable and controllable.

3.10.3 Market Risk Management

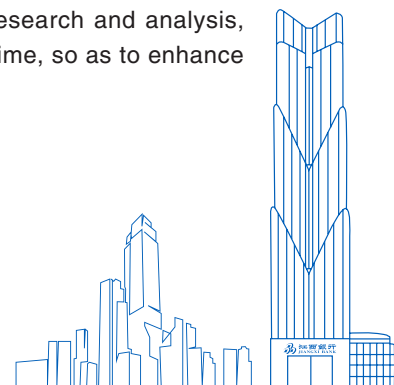
Market risk refers to the risk of losses in banks' on- and off-balance sheet businesses arising from adverse movements in market price including interest rates, exchange rates, commodity prices, stock prices and other prices, which exists in the trading and non-trading businesses of banks.

The major market risk faced by the Bank includes transaction book interest rate risk and bank book exchange rate risk. As at the end of the Reporting Period, the Bank's bond position in the trading book amounted to RMB5.910 billion, accounting for 6.69% of the Bank's total proprietary bonds; the net foreign currency exposure in the banking book amounted to RMB18 million, accounting for 0.04% of the Bank's cumulative foreign exchange exposure.

1. *Analysis of transaction book interest rate risk*

During the Reporting Period, the Bank improved the control of transaction book interest rate risk by taking the following measures:

- (1) The Bank kept improving the market risk system, optimized the risk limit control plan for financial market business, carried out market risk management assessment, and reviewed the weak links of management.
- (2) The Bank dynamically monitored the market risk status, and through limit control and threshold management, monitored the transaction deviation of bond business in the day and the threshold and limit implementation at the end of the day.
- (3) The Bank conducted profit and loss measurement, reasonably analyzed the reasons for mark-to-market profit and loss, and verified the profit and loss results through multiple parties at the front, middle and back offices, to ensure that profit and loss measurement was accurate.
- (4) The Bank improved the professional level of investment research and analysis, and mastered its market risk position and risk level in real time, so as to enhance the sensitivity of macro policy control.



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2. *Analysis of bank book exchange rate risk*

During the Reporting Period, the Bank had a small foreign exchange risk exposure and did not conduct any derivatives trading business. The Bank's main measures to control the exchange rate risk were to reasonably match the assets and liabilities of various foreign currencies, strengthen daily monitoring and early warning of exchange rate risk, and adopt the strategy of retaining no or less overnight positions in time, to avoid exchange losses due to exchange rate fluctuations.

During the Reporting Period, the Bank's market risks were controllable on the whole.

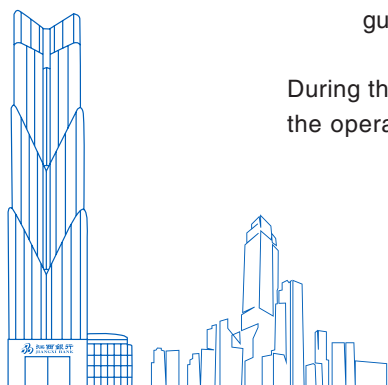
3.10.4 Operational Risk Management

Operational risk refers to the risk of losses caused by imperfect or defective internal processes, employees and information technology systems as well as external events.

During the Reporting Period, the Bank strengthened operational risk management and case risk prevention mainly by taking the following measures:

1. Making good use of adequate management tools. The Bank continuously monitored the operation of key risk indicators. In accordance with business management needs and regulatory provisions, the Bank continuously improved the key risk indicator system for operational risk and analyzed the early warning indicators. The Bank collected the loss data of operational risk, comprehensively sorted out the financial loss data arising from operational risk events, and revealed the key operational risk areas that resulted in actual losses. The Bank carried out operational risk stress tests, measured the loss amount under different circumstances, and analyzed its ability to resist operational risks.
2. Continuing to optimize system modules. The Bank continued to improve the "three-in-one" system of internal control compliance operational risks and optimize key indicators of operational risk, loss data collection and other modules. The Bank also initiated the development of the transaction risk monitoring system, held demand review meetings, and established a big data-based abnormal transaction monitoring model.
3. Strengthening the control of employees' behaviors. The Bank organized training on employee behavior investigation and carried out credit investigation and case-related litigation investigation throughout the Bank. Focusing on employees' personal large debts, external guarantees and large-scale consumption, the Bank eliminated potential risks of cases in time.

During the Reporting Period, the Bank's operational risk management system ran smoothly and the operational risk was controllable on the whole.



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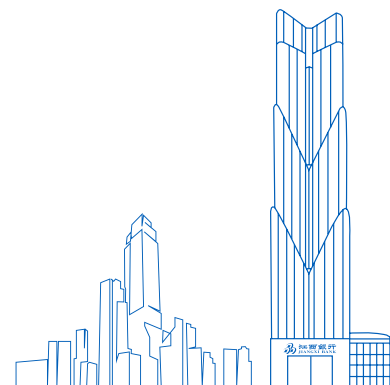
3.10.5 Information Technology Risk Management

Information technology risk refers to the operational risk, legal risk, reputational risk and other types of risks caused by natural or human factors, technical vulnerabilities and management defects during the use of information technology in the operation of commercial banking.

During the Reporting Period, the Bank improved the information technology risk management mainly by taking the following measures:

1. Fully performing the in-process risk control duties. First, the Bank supervised and controlled key monitored project risks, deeply participated in the development of important nodes, rectified and tracked the problems found in the monitoring process, and further improved the quality and standardization of project construction. Second, the Bank carried out on-site inspections on off-site subcontractors, to further understand the current situation of information technology risk management of system custodians and strictly control the risk of off-site outsourcing. Third, the Bank monitored key indicators of information technology risks, paying attention to the operation risk of important information systems and key channels.
2. The Company continued to promote the construction of same-city and outside-city disaster recovery centers, steadily carried forward the upgrading of the same-city disaster recovery system, and successfully put into operation the disaster recovery center in Shangrao.
3. Continuing to enrich the forms of business emergency drills. First, the Bank conducted business continuity drills related to the international settlement system and the electronic commercial draft system, and further verified the emergency response ability of each business department, information technology department and other departments to cooperate, respond quickly and recover important business operations. Second, the Bank carried out special drills related to network security. Through process drills of attack early warning, emergency report, impact analysis and emergency response, the Bank further sorted out the handling process of network security incidents and improved its ability to respond to network security attacks.

During the Reporting Period, all production systems of the Bank operated well, and no major information technology risks occurred.



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3.10.6 Legal and Compliance Risks

1. Legal risk

Legal risk refers to the risk of legal liability arising from violations of laws and regulations, breach of contract, infringement of the legal rights of others or other activities involving any contractual or commercial activity of the Bank.

During the Reporting Period, the Bank prevented and controlled legal risks mainly by taking the following measures:

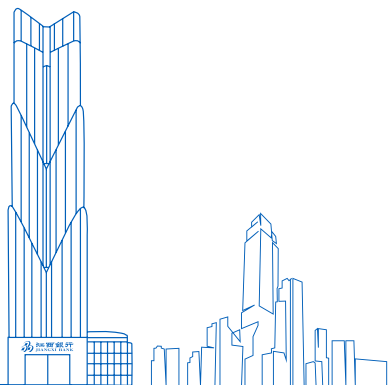
- (1) Continuing to carry out pre-examination on legal compliance. In accordance with external regulation and industry requirements, the Bank conducted pre-examination on legal compliance of new products and business, investment business, rules and regulations, non-standard legal documents, etc., to effectively forestall legal compliance risk.
- (2) Continuing to promote the management of standard text. With the implementation of the Civil Code (《民法典》), the Bank has engaged professional law firms and coordinated all departments of the head office to sort out, revise and systematically input the Bank's standard text based on the principle of priority and organized training on standard text usage and risk, to effectively standardize business development and forestall legal risk.

2. Compliance risk

Compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

During the Reporting Period, the Bank improved the compliance risk management mainly by taking the following measures:

- (1) Deepening the construction of internal control compliance culture. The Bank carried out key system tests on business lines such as credit business and inclusive finance. It also issued the Compliance Warning Letter (《合规提示函》), Compliance Risk Warning (《合规风险提示》) and Compliance Briefing (《合规简报》), interpreted the Civil Code (《民法典》) and the judicial explanation of the guarantee system and the latest regulatory policies, and updated the compliance knowledge base of its employees in time to further advance compliance education.



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- (2) Establishing a closed-loop management mechanism for rectification and accountability. The Bank issued the Circular on Establishing a Closed-Loop Management Mechanism For Rectification And Accountability (《關於建立整改問責閉環管理機制的通知》), reshaped the rectification and evaluation process, unified the accountability system of the Bank, and put into place a closed-loop management mechanism for rectification and accountability. The above work greatly improved the quality of problem rectification and gave full play to the role of punishment and warning.
- (3) Continuously improving the rules and regulations system. In accordance with internal and external regulatory rules and relevant systems, each business line of the Bank sorted out various business systems and processes and continuously revised and improved relevant systems, after taking full consideration into the changes in national laws, regulations and regulatory provisions and based on its own business development needs.

3. *Money laundering risk*

Money laundering risk refers to the risk faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.

During the Reporting Period, the Bank forestalled and controlled money laundering risk mainly by taking the following measures:

- (1) Putting mechanisms first and strengthening system support. The Bank revised seven internal systems and optimized the member departments and responsibilities of the leading group. The Bank also specified the control measures for high-risk products, improved the requirements for customer identification in high-risk countries and regions and for remittance business, and enhanced the effectiveness of the anti-money laundering system.
- (2) Putting data first and consolidating compliance foundation. The Bank established a management and control mechanism for information suspicious customers, and reminded customers to update information in a timely and standardized manner through systematic rigid control, providing a solid guarantee for the comprehensive consolidation of data quality of underlying customers.
- (3) Focusing on risks and identifying potential hazards. The Bank carried out special investigations in key areas such as illegal fund-raising, illegal social organizations, gangdom-related crimes, crimes related to the public, illegal cross-border transfer of funds and abnormal private equity investment funds, identified and transferred key suspicious clues, and effectively prevented and controlled money laundering risks.



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- (4) Staying true to the mission and deepening publicity effectiveness. The Bank carried out centralized publicity activities themed “protecting account safety from money laundering crimes”, with close attention paid to hot topics. The Bank directly addressed public concerns, enhanced their awareness of prevention of money laundering risk and cooperation in identification, and strove to be the financial guard of the public.

3.10.7 Reputational Risk

Reputational risk refers to the risk of negative comments on banking institutions from stakeholders, the public and the media arising from the acts of banking institutions, the acts of practitioners or external events, which may damage their brand value, adversely affect their normal operations, and even affect market stability and social stability.

During the Reporting Period, the Bank established an active, reasonable and effective management mechanism to identify, monitor, control and resolve the reputational risk, so as to establish and maintain a good corporate image of the Bank and promote the sustainable development of the Bank.

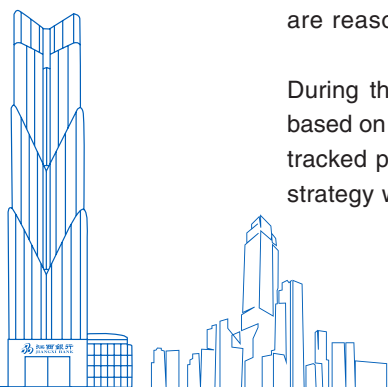
First, the Bank improved the process of reputational risk management system, built a long-term mechanism for prevention and control of reputational risk, and improved the capacity and effectiveness of reputational risk management; second, the Bank upgraded the prevention and warning system, issued early warning notices in time, carried out risk investigation on a regular basis, and plugged risk loopholes in advance; third, the Bank strengthened the management of plans, implemented emergency plans and established a joint prevention and control mechanism to improve the efficiency of risk disposal; fourth, the Bank strengthened the accumulation of reputation capital, strengthened media-friendly communication, explored new communication methods and expanded publicity channels.

3.10.8 Strategic Risk

Strategic risk refers to the risk caused by improper business strategy or changes in the external business environment.

The strategic risk management of the Bank is designated to continuously adjust and improve the company's strategies and management strategy system according to changes in the market environment and the corporate's own development to ensure that the corporate strategic risks are reasonably controllable.

During the Reporting Period, the Bank comprehensively carried out strategic risk management based on external situation and operation, monitored strategic risk on a regular basis, assessed and tracked potential strategic risk to be tolerated in the short term, and ensured that the Company's strategy was instructive, feasible and scientific for the development of the whole Bank.



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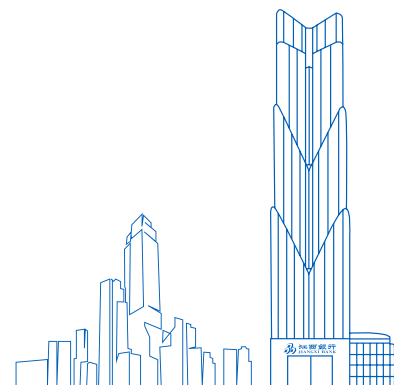
3.10.9 Capital Management

As of December 31, 2019, December 31, 2020, and June 30, 2021, the adequacy ratios of the Group's core tier-one capital were 9.96%, 10.29% and 10.08%, respectively; the adequacy ratios of the Group's tier-one capital were 9.97%, 10.30% and 10.08%, respectively; the adequacy ratios of the Group's capital were 12.63%, 12.89% and 12.71%, respectively. As of June 30, 2021, the gearing ratio (liabilities over assets) of the Group was 92.16%. As of June 30, 2021, Jiangxi Bank has issued two tranches of tier-two capital bonds, both of which are 10-year fixed interest rate bonds (redemption rights with preconditions at the end of the fifth year). The amount of the first tranche is RMB3 billion and the maturity date of bonds is June 7, 2027; the amount of the second tranche is RMB3 billion and the maturity date of bonds is September 28, 2027; depending on development needs, the Group will issue perpetual bonds and absorbed special government bonds to replenish the Bank's tier-one capital within the year, and will continue to expand capital replenishment channels.

As of December 31, 2019, December 31, 2020 and June 30, 2021, the Group's leverage ratios were 7.20%, 7.16% and 7.03%, respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios Table

Item	As of June 30, 2021	As of December 31,
	Amount	2020 Amount
(in millions of RMB, unless otherwise stated)		
Net core tier-one capital	35,985.56	35,184.80
Net tier-one capital	36,015.78	35,220.00
Net tier-two capital	9,372.66	8,839.48
Net capital base	45,388.44	44,059.48
Risk weighted assets	357,137.44	341,834.32
– Credit risk-weighted assets	333,578.91	318,466.23
– Market risk-weighted assets	2,342.93	2,152.49
– Operational risk-weighted assets	21,215.60	21,215.60
Core tier-one capital adequacy ratio	10.08%	10.29%
Tier-one capital adequacy ratio	10.08%	10.30%
Capital adequacy ratio	12.71%	12.89%



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3.11 SOCIAL RESPONSIBILITIES

3.11.1 Serving local development

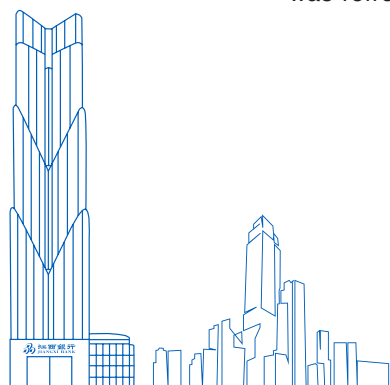
First, supporting major key projects. The Bank responded to the “Project Conference” and “2+6+N” action plan of Jiangxi Province, and increased financial support for “new infrastructure and new urbanization initiatives and major projects”. As of the end of the Reporting Period, the balance of loans extended to major and key provincial projects such as the Science and Innovation City of Traditional Chinese Medicine in Ganjiang New District, Jiangxi Province, High-Tech Aviation City Project, Nanchang City, and the Rural Revitalization Cultural Tourism in Shangli County, Pingxiang city (Phase I) by the Bank amounted to over RMB30.0 billion, representing an increase of over RMB11.0 billion as compared to the end of the previous year.

Second, supporting the development of green economy. The Bank actively responded to the national strategy of “carbon neutralization” and “carbon peak”, firmly established the concept of green development, and vigorously promoted the implementation of green financial projects. As of the end of the Reporting Period, the green credit balance of the Bank amounted to RMB15.719 billion, representing an increase of 35% as compared with the end of last year.

Third, boosting the upgrading of the manufacturing industry. The Bank thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, and improved the quality and efficiency of manufacturing financial services. As of the end of the Reporting Period, the balance of the Bank’s manufacturing loans amounted to RMB15.289 billion, representing an increase of 8.52% as compared to the end of the previous year.

3.11.2 Serving the rural revitalization strategy

First, achieving fruitful results in targeted poverty alleviation. Since 2015, the Bank has actively promoted the work of counterpart support. Through continuous optimization of the work mechanism for targeted poverty alleviation, such as aggregated industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, village appearance, during the Reporting Period, the Bank invested a total of RMB16.41 million in poverty alleviation, completed the work objectives of rural industrial development, increasing people’s confidence and enriching their knowledge, improving rural living environment, and supplementing the shortcomings of “Two No Worries and Three Guarantees”. All of the 20 poverty-stricken villages that were paired up with the assistance were lifted, and 5,207 poverty-stricken people in 1,388 households in rural areas were all lifted out of poverty. The economic and social development of the regions was catching up with giant steps, and the spirit of the people in poverty alleviation was refreshed, and the foundation of grassroots in rural level was more solid.

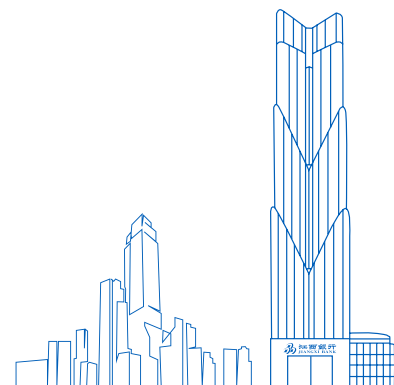


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Second, serving rural development. The Bank earnestly implemented the decisions and plans of the Party Central Committee and the State Council on rural revitalization, and continued to implement the assistance responsibility. As of the end of the Reporting Period, the balance of the Bank's inclusive agriculture-related loans had a net increase of RMB400 million as compared with the beginning of the year, and the balance of loans for poverty-stricken areas had a net increase of RMB2.17 billion as compared with the beginning of the year, completing regulatory indicators in the field of rural revitalization in stages. **Third, supporting rural revitalization.** In 2021, the Bank will continue to fulfill the political and social responsibility of financial enterprises, fully supporting rural revitalization, investing more than RMB600,000 in assisting the construction of bridges, maintenance of nursing homes and other industrial projects, carrying out poverty alleviation through consumption, expanding channels for farmers' stable employment and continuous income increase, and the Bank's employees purchased a total of over RMB1.10 million of poverty alleviation products to consolidate the results of poverty alleviation with practical actions. The Bank will build a stable and long-term working mechanism, supporting rural revitalization, and promoting the assistance work to a new level, making contributions to the "Five Beauty" rural villages in the new era of Jiangxi Province.

3.11.3 Supporting the development of small and micro enterprises

First, continuing to focus on lower-tier services. The Bank made full use of the Bank's branch network coverage, personnel and product advantages to implement the "grid" management for the business development of the pilot areas for inclusive finance reform in Ganzhou and Ji' an. Taking the opportunity of the construction of Jingdezhen National Ceramic Culture Inheritance and Innovation Pilot Zone, the Bank built the "Jingdezhen Ceramic Industry Financing Service Platform"; innovated the ceramic exclusive product "JiangXiaoTao"; established a dedicated team for ceramic industry, and comprehensively assisted the innovative development of the ceramic industry, to extend inclusive financial services to the "last meter". **Second, continuing to accelerate the "digital" transformation.** The Bank established a development team of inclusive financial product, accelerated the construction of the digital platform of "Jiangxi Bank Inclusive Finance" and optimized and updated "Enterprise E Loan" and "Tobacco Business Loan" products. Moreover, the Bank innovatively researched and developed a number of online inclusive small and micro financial products such as "Bank Statement Loan" and "Super Mortgage Loan", to accelerate the creation of an inclusive product market by relying on big data and financial technology. **Third, continuing to improve service capabilities.** The Bank promoted the optimization of inclusive credit process, further simplified the list of application materials, and improved the efficiency of small and micro credit services. The Bank set up the preferential interest rate policy for inclusive credit and continued to reduce the comprehensive financing costs of small and micro enterprises. The Bank expanded the channels for acquisition of supply chain products such as "Cloud Enterprise Chain" and "Zhengbang Loan", and used products such as "Micro Enterprise Loan", to continuously increase loans to small and micro enterprises.



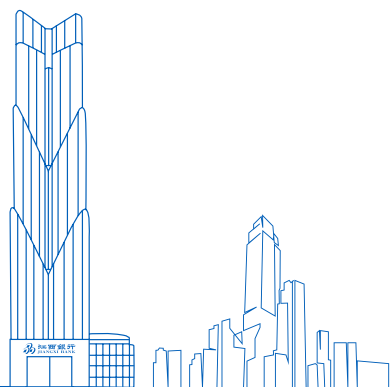
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11.4 Protecting rights and interests of consumers

First, improving service experience. Through the establishment of “Caring Counter” and the development of the elderly mobile APP, the Bank kept optimizing scenario services and conducted experiential services, to deliver caring, comfortable and warm services to customers. **Second, popularizing financial knowledge.** The Bank carried out “concentration + normalisation” publicity and went to the grassroots and the public. Focusing on the urgent needs of the public for financial knowledge and weak areas, the Bank carried out a series of activities such as the “March 15 Financial Consumer Rights Day”, “Spreading Financial Knowledge and Keeping ‘Money Bag’”, and “Publicity Month in Series of Activities for the Precaution of Illegal Fund-Raising in 2021”. The Bank organized and carried out online prize-winning questions, distributed publicity and education books and folds, produced publicity videos of consumer protection, continuously expanded publicity coverage, and enhanced mass participation, to promote the quality and efficiency of financial knowledge publicity. **Third, solidly promoting consultation and complaint handling.** The Bank carried out multi-level linkage in terms of human resources, material resources and financial resources, to ensure that responsible persons completed the consultation and complaint handling within a prescribed time limit. The Bank recorded and provided feedback about every consultation and complaint handling, to ensure that the consultation and complaint handling was carried out efficiently. In addition, the Bank enabled the consultation and complaint function on WeChat banking, to further expand the channel for handling consumer consultation and complaint.

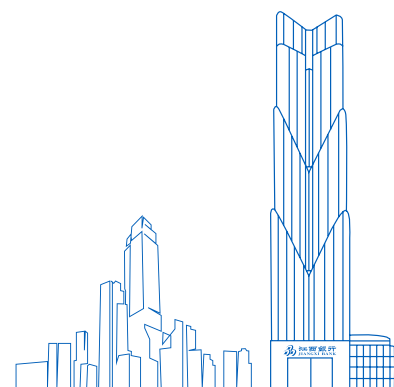
3.12 FUTURE DEVELOPMENT PROSPECTS

In the first half of the year, marked achievements were made in the fight against the COVID-19, domestic economy rebounded with good momentum, macro indicators returned to normal steadily, consumption potential was released steadily, investment compound growth rate continued to pick up, labor market continued to recover, import and export growth continued to rise, and stable, positive economic performance was achieved. However, it should also note that the pandemic and changes in the external environment have brought a lot of uncertainties to our socio-economic development. Looking forward to the second half of 2021, benefiting from the overall economic recovery trend and supported by more proactive and prudent fiscal policies and more prudent and flexible monetary policies, China’s economy is expected to continue to deliver outstanding results.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

In the future, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will study and implement the spirit of the important speech of General Secretary Xi Jinping on “July 1” and the new development concept fully, accurately and comprehensively. Keeping firm in mind the principle of compliant operations and the philosophy of serving the national macro strategy, the real economy and the micro economy, complying with the regulatory requirements, the Bank will forge ahead with reforms and innovations and reinforce its sense of responsibility, increase credit granting, improve revenue level, promote digital transformation, innovate product systems, strengthen comprehensive risk management, strengthen technology infrastructure construction, and continuously promote development with increased efficiency and improved quality. The Bank will timely follow the national and Jiangxi provincial strategic plans, by focusing on supporting the “2+6 + N” industrial chain, the “Yingshanhong”, “Unicorn” and “Gazelle” enterprises and major key projects in Jiangxi Province, and simultaneously implement the indicators of financial support for high-quality economic development by regulatory authorities such as inclusive finance, green finance, rural revitalization, mid-to-long term manufacturing, and technology enterprises, so as to achieve multi-point development and comprehensive development and give play to the role of supporting local economic development, thus to support Jiangxi's high-quality economic development.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of June 30, 2021, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

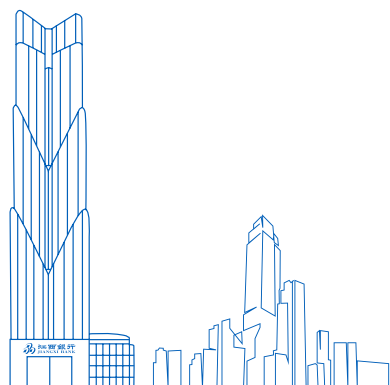
(Unit: share)

Item		As of December 31, 2020	Changes in the Reporting Period	As of June 30, 2021
Domestic Shares	State capital	484,390,278	—	484,390,278
	Corporate capital	4,115,106,063	4,141,691	4,119,247,754
	Personal capital	79,280,560	(4,141,691)	75,138,869
H Shares		1,345,500,000	—	1,345,500,000
Total		6,024,276,901	—	6,024,276,901

4.2 INFORMATION ON SHAREHOLDERS

4.2.1 Total Number of Domestic Shareholders

As of June 30, 2021, the Bank had 8,961 Domestic Shareholders, including 30 State Shareholders, 288 corporate Shareholders and 8,643 natural person Shareholders.

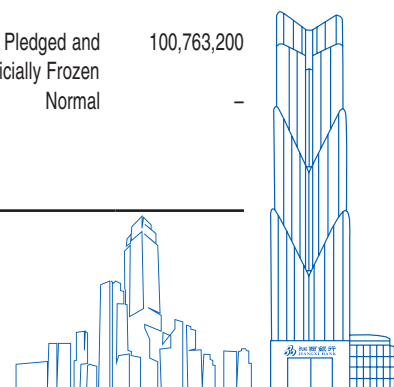


CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.2 Particulars of Shareholdings of the Top 10 Domestic Shareholders of the Bank

(Unit: share)

No.	Name of Shareholder	Nature of Shareholder	Total number of shares held as of June 30, 2021	Percentage of total share capital as of June 30, 2021 (%)	Pledged or frozen shares Status of shares	Number
1	Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司) (previously named: Jiangxi Provincial Expressway Investment Group Co., Ltd. (江西省高速公路投資集團有限責任公司))	State-owned corporate shareholder	937,651,339	15.56	Normal	—
2	Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司)	State-owned corporate shareholder	347,546,956	5.77	Normal	—
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd. (江西省錦峰投資管理有限責任公司))	State-owned corporate shareholder	263,000,000	4.37	Normal	—
4	Pingxiang Huixiang Construction Development Co., Ltd. (萍鄉市匯翔建設發展有限公司)	State-owned corporate shareholder	241,088,500	4.00	Normal	—
5	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	228,070,170	3.79	Normal	—
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned corporate shareholder	180,000,000	2.99	Normal	—
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	General corporate shareholder	140,000,000	2.32	Normal	—
9	Jiangxi Zhongbang Trade Co., Ltd. (江西省眾邦經貿有限公司)	General corporate shareholder	100,763,200	1.67	Pledged and Judicially Frozen	100,763,200
10	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned corporate shareholder	99,830,800	1.66	Normal	—



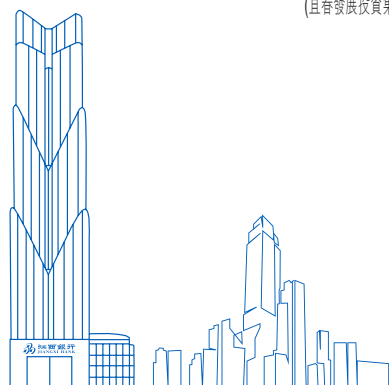
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations

To the best knowledge of the Bank and the Directors, as at June 30, 2021, the following substantial Shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to 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 under section 336 of the SFO:

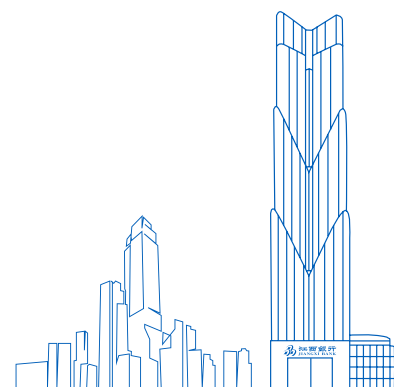
(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to December 31, 2020	Approximate % of the total issued share capital of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Jiangxi Provincial Communications Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
China National Tobacco Corporation Jiangxi Branch ⁵	Domestic Shares	Beneficial owner	180,000,000 (L)	0	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	0	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd. ⁶	Domestic Shares	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Hua An Fund Management Co., Ltd. ⁷	H Shares	Others	260,583,500 (L)	139,083,500	19.37%	4.33%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	0	16.28%	3.64%
AMTD Asia Limited ⁸	H Shares	Beneficial owner	122,841,500 (L)	0	9.13%	2.04%
AMTD Group Company Limited ⁸	H Shares	Interest of controlled corporation	122,841,500 (L)	0	9.13%	2.04%
CITIC Guoan Group ⁹	H Shares	Interest of controlled corporation	115,213,000 (L)	0	8.56%	1.91%
Road Shine Developments Limited ⁹	H Shares	Beneficial owner	115,213,000 (L)	0	8.56%	1.91%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

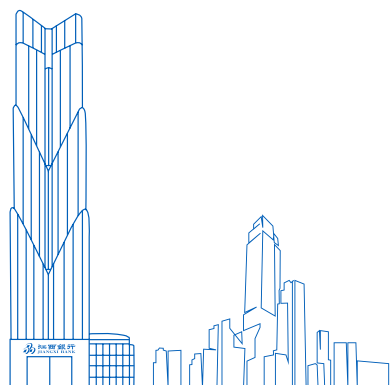
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to December 31, 2020	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan No. 10/ Guotai Asset Management Co Ltd-CHINA GUANGFA BANK CO. LTD-GT FUND-QDII1-10 Principal: Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%
Mingyuan Group Investment Limited ¹¹	H Shares	Beneficial owner/Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
SHUM Tin Ching ¹¹	H Shares	Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
WANG Xinmei ¹¹	H Shares	Interest held jointly with another person	81,308,000 (L)	0	6.04%	1.35%
Zhenro Hong Kong Limited ¹²	H Shares	Beneficial owner	77,604,500 (L)	0	5.77%	1.29%
Zhenro International Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
Zhenro Properties Group Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
RoYue Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
OU Zongrong ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

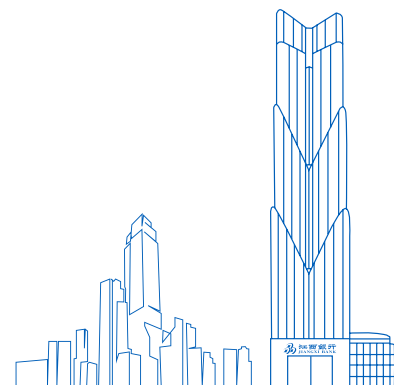
Notes:

1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2021, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Provincial Communications Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Communications Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳).
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller both are Asset Management Center of Administrative Institutions in Jiangxi Province (江西省行政事業單位資產管理中心).
5. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司).
6. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LUO Haiping. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會).
7. Hua An Fund Management Co., Ltd. is the manager of eight QDII Single Asset Management Plans, and holds shares of the Bank through the above-mentioned eight asset management plans to achieve its investment plans on behalf of its asset trustees.
8. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. Therefore, AMTD Group Company Limited is deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

9. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.
10. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
11. Mingyuan Group Investment Limited holds 81,308,000 shares of the Bank. Mingyuan Group Investment Limited is wholly-owned by SHUM Tin Ching and WANG Xinmei. Therefore, according to the SFO, SHUM Tin Ching and WANG Xinmei (the spouse of SHUM Tin Ching) are deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.
12. OU Zongrong and LIN Shuying indirectly hold 77,604,500 H Shares of the Bank held by Zhenro Hong Kong Limited through their controlled corporations RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited. Therefore, according to the SFO, OU Zongrong, LIN Shuying (the spouse of OU Zongrong), RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited are deemed to be interested in the Bank's H Shares held by Zhenro Hong Kong Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.4 Shareholders Holding 5% or More of the Bank's Shares

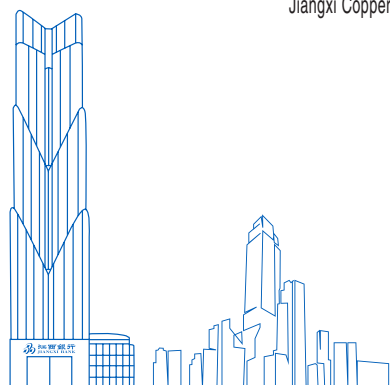
See 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

4.2.5 Other Substantial Domestic Shareholders

According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as adopted at the 1st chairman's meeting of the former China Banking Regulatory Commission in 2018 (former CBRC Order 2018 No. 1), substantial shareholders of a commercial bank means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.

Other than those disclosed in the section 4.2.3 "Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations" in this chapter, i.e., Jiangxi Provincial Communications Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd., China National Tobacco Corporation Jiangxi Branch and Pingxiang Huixiang Construction Development Co., Ltd., substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total shares of the Bank but dispatch Directors, Supervisors or senior executives to the Bank are as follows:

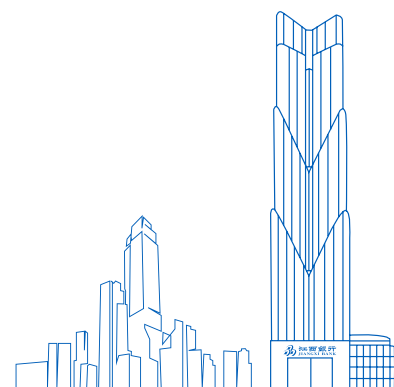
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to 31 December 2020	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Nanchang Municipal Bureau of Finance ³	Domestic Shares	Beneficial owner	228,070,170 (L)	0	4.87%	3.79%
Ganshang Union (Jiangxi) Co., Ltd. ⁴	Domestic Shares	Beneficial owner	148,308,400 (L)	0	3.17%	2.46%
Jiangxi Copper Company Limited ⁵	Domestic Shares	Beneficial owner	140,000,000 (L)	0	2.99%	2.32%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

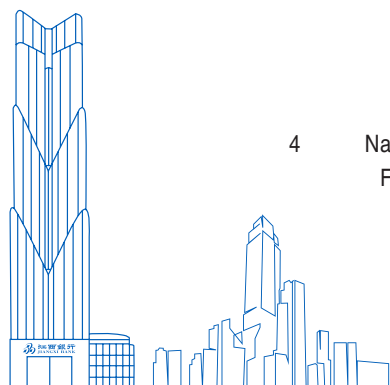
1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2021, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Nanchang Municipal Bureau of Finance is a state-owned shareholder, whose responsible person is WAN Yuyuan.
4. Ganshang Union (Jiangxi) Co., Ltd. is a general corporate shareholder, whose legal representative is WU Xuan (伍暄).
5. Jiangxi Copper Company Limited is a general corporate shareholder, whose legal representative is LONG Ziping. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

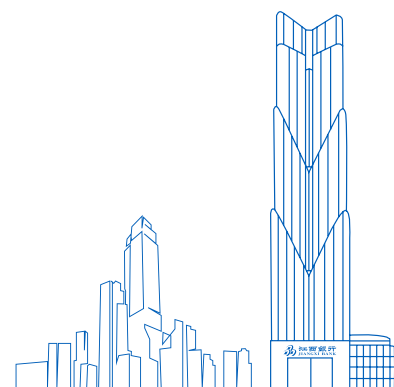
4.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial Shareholders	Related parties of substantial Shareholders
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	Department of Transportation of Jiangxi Province, Jiangxi Highway Development LLC, Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司), Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Ganchong Expressway Co., Ltd. (江西省贛崇高速公路有限責任公司), Jiangxi Expressway Petrochemical Co., Ltd. (江西高速石化有限責任公司), Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司), Jiangxi Ruixun Expressway Co., Ltd. (江西省瑞尋高速公路有限責任公司), Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd., Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. (江西省高速公路投資集團材料有限公司) etc.
2	Jiangxi Financial Holding Group Co., Ltd.	Asset Management Center of Administrative Institutions in Jiangxi Province, Jiangxi Financial Holding Group Co. Ltd, Jiangxi Financial Asset Management Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. (江西省普惠融資擔保有限公司), JiangXi Province Credit Financing Guarantee Group Co., Ltd. (江西省信用融資擔保集團股份有限公司), Jiangxi Jinzi Supply Chain Financial Services Co., Ltd.(江西金資供應鏈金融服務有限公司) Jiangxi Zhongbang Land Development Co., Ltd. (江西省中邦土地開發有限公司), Jiangxi Financial Holding Urban Development Investment Co., Ltd. (江西省金控城鎮開發投資有限公司), Quannan Hengbang Real Estate Co., Ltd. (全南縣恒邦置業有限公司), Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司), etc.
3	China National Tobacco Corporation Jiangxi Branch	China National Tobacco Corporation (中國煙草總公司), China National Tobacco Corporation Jiangxi Branch, Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司), Jiangxi Tobacco Corporation Jiujiang Branch (江西省煙草公司九江市公司), Jiangxi Tobacco Corporation Fuzhou Branch (江西省煙草公司撫州市公司), Jiangxi Tobacco Corporation Ji'an Branch (江西省煙草公司吉安市公司), Jiangxi Jinfeng Investment Management Co., Ltd., etc.
4	Nanchang Municipal Bureau of None Finance	



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial Shareholders	Related parties of substantial Shareholders
5	Ganshang Union (Jiangxi) Co., Ltd.	Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Zhongjiu Optoelectronics Industry Co., Ltd. (中久光電產業有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司), Jiangxi Lianchuang Zhiguang Science & Technology Co., Ltd. (江西聯創致光科技有限公司), Nanchang Yatuo Architectural Design Co., Ltd., (南昌雅拓建築設計有限公司), Jiangxi Kuncheng Investment Co.,Ltd. (江西坤城投資有限公司), etc.
6	Jiangxi Copper Company Limited	State-owned Assets Supervision and Administration Commission of Jiangxi Province; Jiangxi Copper Corporation Limited; Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司); Jiangxi Tianyuan Mining Co., Ltd. (江西天圓礦業有限公司); Jiangxi Copper Corporation Copper Strip Co., Ltd. (江西銅業集團銅板帶有限公司); Jiangxi Copper (Hong Kong) Investment Limited (江西銅業(香港)投資有限公司); Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd. (江西銅業集團(東鄉)鑄造有限公司); Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. (江西銅業集團七寶山礦業有限公司), etc.

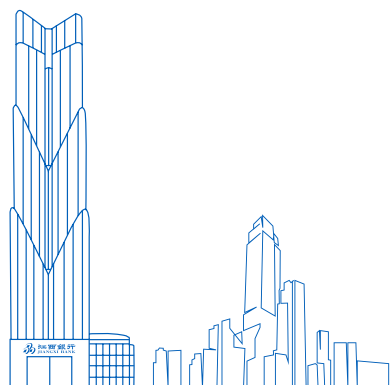


CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.7 Related Party Transactions between the Bank and the Substantial Domestic Shareholders and Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert, and Ultimate Beneficiaries thereof in the Reporting Period

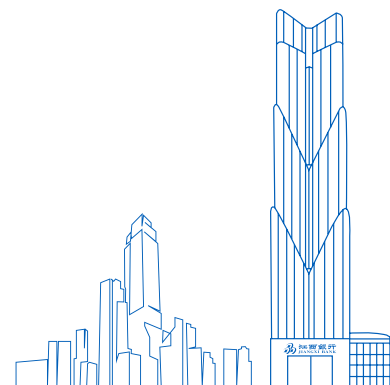
(Unit: in millions of RMB)

No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise	Credit balance	De facto controller	Credit balance	Persons acting in concert	Credit balance	Ultimate beneficiaries	Credit balance	Related party	Credit balance	Total
1	Jiangxi Provincial Communications Investments Group Co., Ltd.	2,203.82	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Communications Investments Group Co., Ltd.	2,203.82	Jiangxi Provincial Expressway Investment Group Co., Ltd. Jiangxi Transportation Engineering Group Co., Ltd.	699.55 2.00	2,905.37
2	Jiangxi Financial Holding Group Co., Ltd.	1,425.00	Asset Management Center of Administrative Institutions in Jiangxi Province	-	Asset Management Center of Administrative Institutions in Jiangxi Province	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	1,425.00	Jiangxi Financial Asset Management Co., Ltd.; Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. (江西省惠普融資擔保有限公司) JiangXi Province Credit Financing Guarantee Group Co., Ltd. 江西省信用融資擔保集團股份有限公司 Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. (江西金資供應鏈金融服務有限公司)	850.00 154.41 931.76 300.00	3,951.17



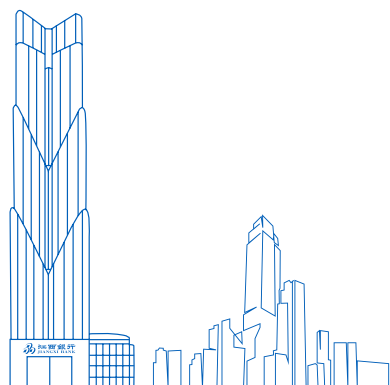
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise	Credit balance	De facto controller	Credit balance	Persons acting in concert	Credit balance	Ultimate beneficiaries	Credit balance	Related party	Credit balance	Total
											Quannan Hengbang Real Estate Co., Ltd. (全南縣恒邦置業有限公司)	140.00	
											Jiangxi Financial Holding Foreign Trade Group Co., Ltd. (江西省金控外貿集團股份有限公司)	100.00	
											Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司)	50.00	
3	China National Tobacco Corporation Jiangxi Branch (including Jiangxi Jinfeng Investment Management Co., Ltd.	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司)	-	-	-	-
4	Nanchang Municipal Bureau of Finance	-	-	-	-	-	None	-	Nanchang Municipal Bureau of Finance	-	-	-	-



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Credit balance	Controlling	Credit balance	De facto controller	Credit balance	Persons	Credit balance	Ultimate beneficiaries	Credit balance	Related	Credit balance	Total
			shareholder of the enterprise				acting in concert				party		
5	Ganshang Union (Jiangxi) Co., Ltd. (赣商聯合(江西)有限公司)	-	WU Xuan	-	WU Xuan	-	None	-	WU Xuan	-	Nanchang Yatuo Architectural Design Co., Ltd. (南昌雅拓建築設計有限公司)	9.40	1,164.43
											Jiangxi Kuncheng Investment Co.,Ltd. (江西坤城投資有限公司)	15.80	
											Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司)	833.23	
											Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司)	306.00	
6	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	17.05	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Corporation Limited	-	-	-	17.05
Total		3,628.82	-	17.05	-	-	-	-	-	3,628.82	-	4,392.15	8,038.02



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

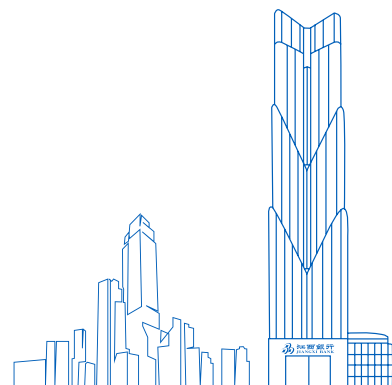
4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

As of the end of the Reporting Period, the pledge of equity in the Bank by substantial Shareholders of the Bank is as follows:

Ganshang Union (Jiangxi) Co., Ltd. held 148,308,400 shares of the Bank and pledged 74,000,000 shares, with a pledge rate of 49.90%. The pledgee was Bank of Jiujiang Co., Ltd. High-Tech District Branch (九江银行股份有限公司高新支行), among which, 35,260,000 shares with a term of pledge from November 12, 2018 to November 11, 2021, and 38,740,000 shares with a term of pledge from December 3, 2018 to December 2, 2021.

4.2.9 Nomination of Directors and Supervisors by the Shareholders

- 1 LI Zhanrong and YU Minxin were nominated as Directors by Jiangxi Provincial Communications Investment Group Co., Ltd.;
- 2 LIU Sanglin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;
- 3 ZHUO Liping was nominated as a Director by China National Tobacco Corporation Jiangxi Branch;
- 4 DENG Jianxin was nominated as a Director by Nanchang Municipal Bureau of Finance;
- 5 Mr. YU Han was recommended to be nominated as a Supervisor by Ganshang Union (Jiangxi) Co., Ltd.;
- 6 Mr. ZHOU Minhui was recommended to be nominated as a Supervisor by Jiangxi Copper Company Limited;
- 7 Mr. WANG Ruiqiang was recommended to be nominated as a Supervisor by AMTD Asia Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.10 The Number of Pledged Shares of the Bank Reaching or Exceeding 20% of All Its Shares

Nil.

4.2.11 The Number of Shares Pledged by Substantial Domestic Shareholders Reaching or Exceeding 50% of the Total Shares Held by Them in the Bank

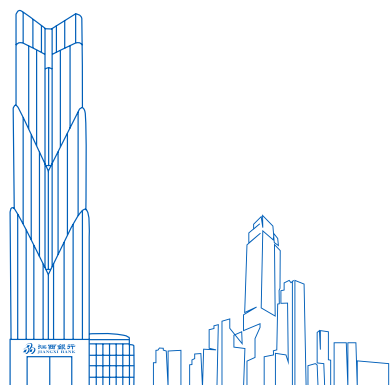
Nil.

4.2.12 The Bank's Pledged Shares being Frozen, Judicially Auctioned, Restricted from Voting Right or Other Rights

- 1 The Bank had a total of 6,024,276,901 shares, and a total of 720,166,258 Domestic Shares held by 30 Domestic Shareholders were pledged, accounting for 11.95% of the Bank's total shares. 152,330,605 pledged shares were judicially frozen and 20,763,200 pledged shares were judicially auctioned.
- 2 According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As of the Reporting Period, 28 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 636,274,258 shares were restricted, accounting for 10.56% of the total shares.

4.2.13 Purchase, Sale or Redemption of Listed Securities

Neither the Bank nor its subsidiaries purchased, sold or redeemed any of its listed securities as of the Reporting Period.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS AS OF JUNE 30, 2021

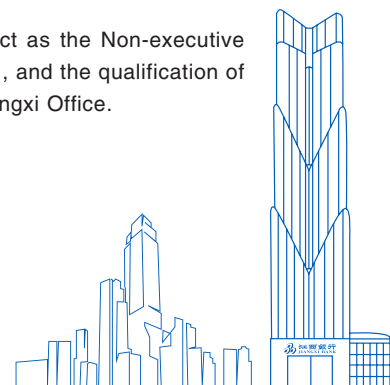
(I) Directors

The Board consists of twelve Directors, including three executive Directors, five non-executive Directors and four independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Name	Gender	Date of birth	Date of appointment of the second session of the Board (Note)	Title
CHEN Xiaoming	Male	November 1966	May 31, 2019	Chairman and Executive Director
LUO Yan	Male	February 1969	May 31, 2019	Vice chairman, Executive Director, president
XU Jihong	Male	May 1965	May 31, 2019	Secretary to the Board, Executive Director, vice president
LI Zhanrong	Male	November 1970	May 31, 2019	Non-executive Director
Yu Minxin ⁽²⁾	Male	October 1977	Qualification is under approval	Non-executive Director
LIU Sanglin	Male	October 1965	May 31, 2019	Non-executive Director
ZHUO Liping	Female	December 1972	May 11, 2020	Non-executive Director
DENG Jianxin	Male	August 1963	May 31, 2019	Non-executive Director
ZHANG Rui	Female	June 1962	May 31, 2019	Independent non-executive Director
ZHANG Wangxia	Female	August 1977	May 31, 2019	Independent non-executive Director
WANG Yun	Female	May 1966	May 31, 2019	Independent non-executive Director
WONG Hin Wing	Male	December 1962	May 31, 2019	Independent non-executive Director

Notes:

- (1) On March 11, 2021, Mr. QUE Yong resigned from the position as the Non-executive Director of the Bank for the work change, and his resignation shall take effect from the approval of the qualification of the new Non-executive Director to be elected at the 2020 AGM.
- (2) The Bank elected Mr. YU Minxin to take place of Mr. QUE Yong and act as the Non-executive Director of the Bank at the 2020 annual general meeting on May 21, 2021, and the qualification of Mr. YU Minxin as director is now waiting for the approval from CBIRC Jiangxi Office.



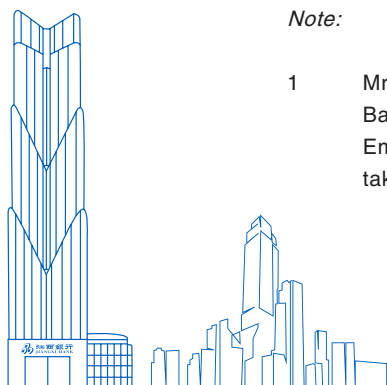
(II) Supervisors

The Board of Supervisors consists of nine Supervisors, including three employee representative Supervisors, three shareholder representative Supervisors and three external Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative term of an external Supervisor shall not exceed six years, pursuant to the relevant PRC laws and regulations. The following table sets forth certain information about the Supervisors.

Name	Gender	Date of birth	Date of appointment of the second session of the Board	Title
LIU Fulin	Male	November 1963	May 31, 2019	Chairman of the Board of Supervisors, employee representative Supervisor
SHI Zhongliang	Male	January 1944	May 31, 2019	External Supervisor
LI Danlin	Female	August 1964	May 31, 2019	External Supervisor
Shi Jing	Male	February 1968	May 31, 2019	External Supervisor
YU Han	Male	November 1981	May 31, 2019	Shareholder representative Supervisor
ZHOU Minhui	Male	June 1964	May 31, 2019	Shareholder representative Supervisor
WANG Ruiqiang	Male	January 1954	December 18, 2020	Shareholder representative Supervisor
LOU Mingnong	Male	February 1972	May 28, 2020	Employee representative Supervisor
CHEN Xinxiang ¹	Male	February 1968	May 31, 2019	Employee representative Supervisor

Note:

- 1 Mr. Chen Xinxiang resigned from his position as an Employee representative Supervisor of the Bank on May 21, 2021 due to other work arrangements, with effect from the date when the new Employee representative Supervisor elected at the employee representative meeting of the Bank takes office.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

(III) Senior management members

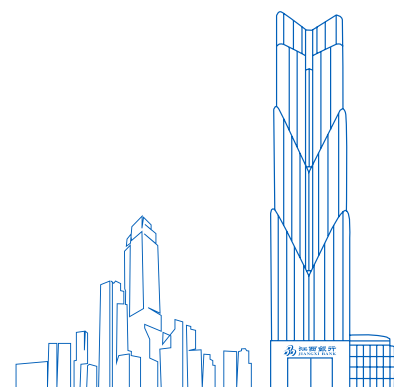
The following table sets forth certain information regarding the senior management of the Bank.

Name	Gender	Date of birth	Title
LUO Yan	Male	February 1969	President
CHEN Yong	Male	February 1962	Vice president
YU Jian	Male	June 1974	Vice president
XU Jihong	Male	May 1965	Secretary to the Board of Directors and vice president
CHENG Zongli	Male	September 1966	Vice president
CAI Xiaojun	Male	November 1966	Vice president

5.2 CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

5.2.1 Changes of Directors during the Reporting Period

1. On March 11, 2021, Mr. QUE Yong resigned from the position as the Non-executive Director of the Bank for the work change;
2. The Bank elected Mr. YU Minxin to act as the Non-executive Director of the Bank at the 2020 annual general meeting on May 21, 2021, and the qualification of Mr. YU Minxin as director is now waiting for the approval from CBIRC Jiangxi Office.



5.2.2 Changes of Supervisors during the Reporting Period

On May 21, 2021, Mr. CHEN Xinxiang resigned from the position as the employee representative supervisor of the Bank for other working arrangements. The proportion of the employee representative supervisors of the Bank will fall below one third after the resignation of Mr. CHEN Xinxiang. Pursuant to related laws and regulations as well as the Articles of Association, his resignation will take effect upon the date a new employee representative supervisor is elected at the session of employee representatives. During this period, Mr. CHEN Xinxiang will continue to perform his responsibilities as the employee representative supervisor of the Bank.

5.2.3 Changes of Senior Management Members during the Reporting Period

The Senior Management members of the Bank did not change during the Reporting Period.

5.2.4 Changes in Information of Directors and Supervisors

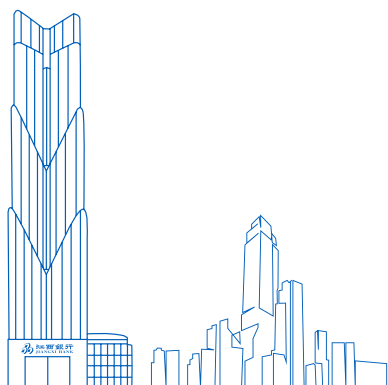
1. Ms. ZHANG Rui acted as an Independent Director of Nayuki Holdings Limited (02150. HK) on June 30, 2021;
2. Mr. WONG Hin Wing won an honorary medal conferred by the Hong Kong Special Administrative Region in 2021.

5.3 DEALING IN SECURITIES BY DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors and Supervisors. Having been made specific enquiry, all Directors and Supervisors confirmed that they have complied with requirements under the above Model Code during the Reporting Period.

During the Reporting Period, the Directors did not have any dealing in the Bank's shares.

During the Reporting Period, the Supervisors did not have any dealing in the Bank's shares.



5.4 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at June 30, 2021, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

I) Directors: Nil

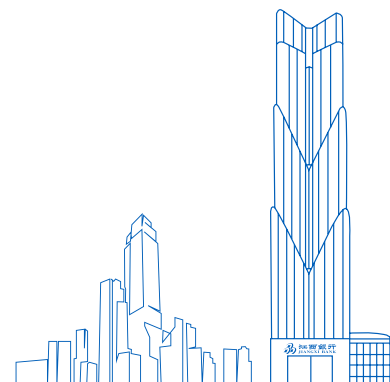
II) Supervisors:

Name	Position	Class of shares	Nature of interest	Number of shares directly or indirectly held (Unit: share)	Approximate % of the issued share capital of the relevant share class	Approximate % of the total share capital in the Bank
CHEN Xinxiang	Employee Representative Supervisor	Domestic Shares	Beneficial interest	46,901	0.0010%	0.00078%
LIU Fulin ¹	Employee Representative Supervisor	Domestic Shares	Interest of spouse	2,000	0.000043%	0.000033%

Notes:

1. Mr. Liu Fulin is deemed to be interested in 2,000 Domestic Shares held by his spouse, Ms. Nie Lei (聶磊), by virtue of the SFO.

III) Chief executives: Nil



5.5 INFORMATION OF EMPLOYEES

5.5.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,345 employees.

1 *By age*

The Bank has 2,475 employees aged 30 or under, accounting for 46.30% of the total number of employees; 1,731 employees aged 31 to 40, accounting for 32.39% of the total number of employees; 928 employees aged 41 to 50, accounting for 17.36% of the total number of employees; and 211 employees aged over 50, accounting for 3.95% of the total number of employees.

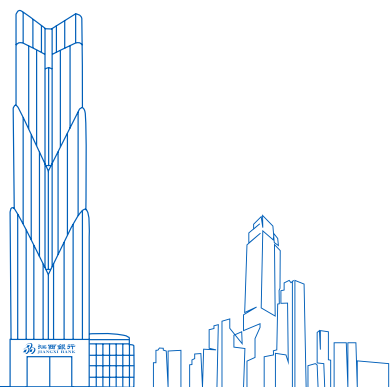
2 *By education*

The Bank has 4,942 employees with a bachelor degree or above, accounting for 92.46% of the total number of employees, and 403 employees with a college degree or below, accounting for 7.54% of the total number of employees.

5.5.2 Employee Training Plan

During the Reporting Period, upholding the strategic thinking of “strengthening the Bank by talents”, the Bank always adhered to the talent cultivation mechanism of developing together with employees and achieving mutual improvement and the goal of enhancing employees’ quality, established a clear and regular talent cultivation system and built an all-round and multi-level learning organization good at learning and attaching importance to practice.

During the Reporting Period, according to the training program under the “Work Plan for Employees’ Educational Training for 2021”, the Bank focused on the online learning platform, conducted live training on new business and products in due time, actively participated in online lectures provided by external institutions, organized internal trainers to develop and produce internal courses, etc. It was committed to building a learning and innovative team.



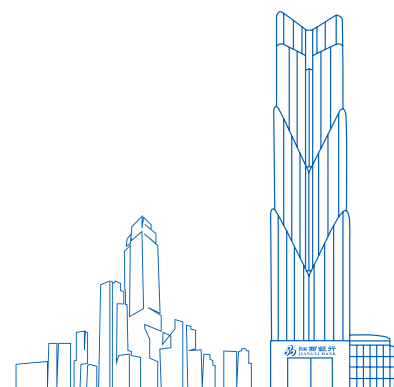
5.5.3 Employee Remuneration Policy

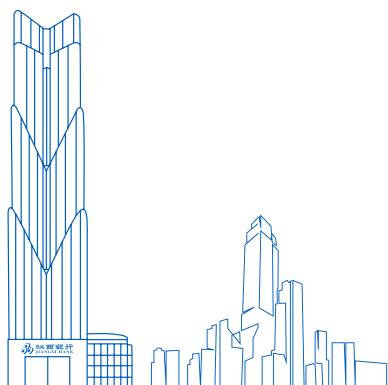
1 Remuneration policy

The Bank has established a scientific and reasonable remuneration system under the market principle and the remuneration concept of “determining remuneration based on position”. Employees enjoy the enterprise annuity, supplementary medical insurance and other welfares, in addition to the basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and other various legal welfares specified by the state. As of the end of the Reporting Period, there was no significant change in the Bank’s remuneration policies.

2 Linkage between remuneration policy and risk

In 2021, in principle, 50% of the entire performance-based remuneration of some of medium cadres is linked to the resolution task in order to reinforce the hierarchical resolution and responsibility system for risk resolution and define the collection responsibilities of different levels.

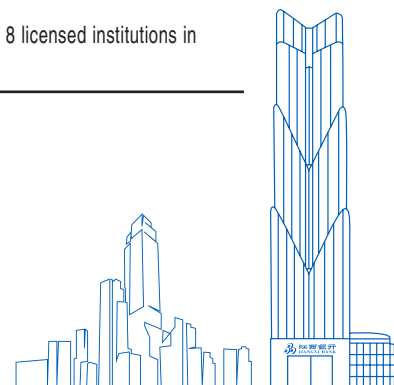




CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

5.7 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head Office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 77 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang Branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang Branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou Branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 23 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun Branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 15 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu Branch	No. 69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 4 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao Branch	No. 46 Daihu Road, Xinzhou District, Shangrao, Jiangxi Province	Governing 12 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an Branch	1/F, Tianhong Shopping Plaza, Guangchang South Road North, Jinggangshan Avenue West, Jizhou District, Ji'an, Jiangxi	Governing 15 licensed institutions in Ji'an
Fuzhou, Jiangxi	Fuzhou Branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 10 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian Branch	1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen Branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Guangzhou	Guangzhou Branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F, Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou City, Guangdong Province	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou Branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou
Nanchang, Jiangxi	Small Enterprise Credit Center	No. 96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi



6.1 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE CONTAINED IN APPENDIX 14 TO THE LISTING RULES

During the Reporting Period, the Bank continued to improve the transparency of corporate governance to protect the interests of Shareholders and enhance corporate value.

The Bank has established a relatively comprehensive corporate governance structure pursuant to the provisions of the Listing Rules. The composition of the Board and the special committees under the Board complies with the requirements of the Listing Rules. The Bank clearly defines the responsibilities of the Shareholders' general meeting, the Board, the Board of Supervisors, and senior management. The Shareholders' general meeting is the highest authority of the Bank, and the Board is responsible to the Shareholders' general meeting. The Board has set up eight special committees that operate under the leadership of the Board and offer opinion on the Board's decision-making. The Board of Supervisors supervises the performance of duties by the Board and senior management as well as the Bank's financial activities, risk management, and internal control. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Bank, and reports to the Board and the Board of Supervisors on a regular basis. The President of the Bank, appointed by the Board, is responsible for the overall business operation and management of the Bank.

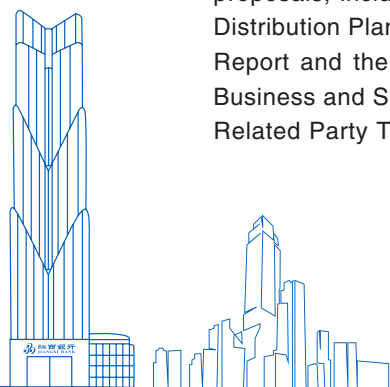
The Bank has adopted Appendix 14 to the Listing Rules headed Corporate Governance Code (the "Code"). The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable Code provisions as set forth in Appendix 14 to the Listing Rules.

The Bank commits itself to maintaining high-standard corporate governance. The Bank will continue to strengthen its corporate governance, to ensure compliance with the Code and live up to the expectations of Shareholders and potential investors.

6.2 CONVENING OF GENERAL MEETINGS

During the Reporting Period, the Bank held one annual general meeting, one class meeting of Domestic Shareholders and one class meeting of H Shareholders.

The Bank held the 2020 Annual General Meeting on May 21, 2021, considered and approved 12 proposals, including the 2020 Annual Financial Statement, 2021 Financial Budget Plan, 2020 Profit Distribution Plan, 2021 Investment Plan, 2020 Board of Directors' Report, 2020 Board of Supervisors' Report and the Proposal of the Bank on Conducting Share Conversion-based Negotiated Deposit Business and Supplementing Other Tier-one Capital, and debriefed on the 2020 Report of Significant Related Party Transactions of the Bank.



CHAPTER VI CORPORATE GOVERNANCE

On May 21, 2021, the Bank convened the 2021 first meeting of Class Shareholders of Domestic Shares, at which the Bank reviewed and approved the Proposal of the Bank on Conducting Share Conversion-based Negotiated Deposit Business and Supplementing Other Tier-one Capital.

6.3 MEETINGS CONVENED BY THE BOARD AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of the Bank held 15 meetings and considered and approved 91 proposals. The 8 special committees under the Board held 33 meetings, including 4 Strategic Committee meetings, 2 Audit Committee meetings, 1 meeting of Information and Technology Management Committee, 1 meeting of Consumer Rights Protection Committee, 9 meetings of Risk Management Committee, 3 meetings of Remuneration and Nomination Committee, 11 meetings of Related Party Transactions Control Committee, and 2 meetings of Compliance Management Committee, with a total of 122 proposals considered and approved, and 7 proposals considered.

During the Reporting Period, as required by its duties and responsibilities, the Independent Directors attended on the general meeting, participated in the meetings of Board of Directors and its special committees and gave their independent opinions and suggestions about relevant proposals such as related party transactions, as well as attended the special training featuring “Overall Risk Management” held by the Bank and conscientiously performed duties and responsibilities of independent directors.

6.4 MEETINGS CONVENED BY THE BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES

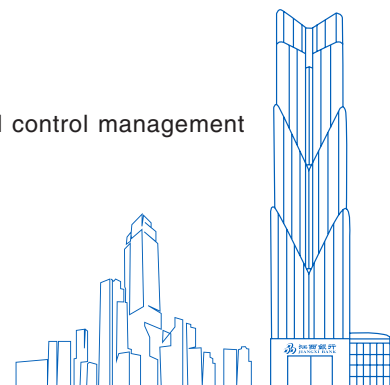
During the Reporting Period, the Board of Supervisors of the Bank held 3 meetings, and considered 10 proposals. The Supervision Committee of the Board of Supervisors held 2 meetings and considered and discussed 4 items; the Nomination Committee of the Board of Supervisors held 3 meetings and considered and discussed 5 items.

During the Reporting Period, as required by its duties and responsibilities, the external supervisors attended on the general meeting, sat in the board meetings, participated in the meetings of Board of Supervisors and its special committees and attended the special training featuring “Overall Risk Management” held by the Bank as well as involved in the assessment on the performance of duties, consumer rights protection and anti-money laundering supervision supervision and inspection, and successively carried out special surveys for audit department and compliance department and conscientiously performed supervision duties and responsibilities of external supervisors.

6.5 INTERNAL CONTROL AND INTERNAL AUDIT

6.5.1 Internal Control

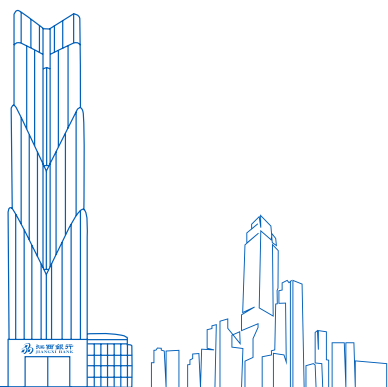
During the Reporting Period, the Bank continued to improve its internal control management system:



CHAPTER VI CORPORATE GOVERNANCE

1. The internal control management structure was improved continually. The Bank revised the Working Rules of the Compliance Management Committee of the Board of Directors of Jiangxi Bank and the Working Rules of the Internal Control, Compliance, Case Prevention and Control Committee of Jiangxi Bank to perfect the top-level compliance architecture. At the same time, the Bank refined the vertical management architecture of the compliance line and ensured the independence and authoritativeness of compliance performance.
2. The Bank established the gridded management mechanism for case prevention. The Bank formulated the Working Plan of Jiangxi Bank for Gridded Management of Case Prevention, carried forward the gridded management of both personnel and business, and defined the area, personnel and responsibility of gridded management of case prevention. Meanwhile, the Bank implemented the exclusive responsibility system for gridded management of case prevention and forged a prevention mode featuring person-specific responsibility, function in place and full coverage.
3. The Bank refined the compliance evaluation system. The Bank established the dual line evaluation mechanism for case prevention and compliance, optimized the KPI evaluation indicators for the departments of the Head Office and different branches, and refined related contents of “veto by one vote” for case prevention to fully play the guiding role of evaluation.
4. The Bank continuously conducted internal control supervision and check. The Bank organized the formulation and chronic implementation of the 2021 Internal Control and Compliance Inspection Plan with a focus on those vulnerabilities in major business areas and internal control, strengthened the compliance management of key links and gave full play to the corrective role of supervision and inspection.

During the Reporting Period, no major deficiencies were found in the Bank’s internal control.

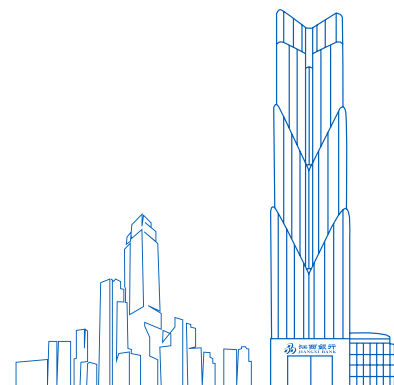


CHAPTER VI CORPORATE GOVERNANCE

6.5.2 Internal Audit

The Group has established an independent internal audit system and the Board assumes ultimate responsibility for the independence and effectiveness of internal audit. The Board has established an Audit Committee to guide and supervise the internal audit work of the Bank. The Board of Supervisors is responsible for supervising the internal audit work. The general manager of the audit department reports to the Board, Audit Committee and Board of Supervisors on a regular basis and informs the senior management. The audit department prepares annual audit plan and submits it to the Audit Committee and the Board for approval. In daily audit work, the audit department reviews the Bank's operation, information system, financial reporting and risk management through systematic and standardized internal audit methods, and evaluates the effectiveness of the Bank's internal control and corporate governance. The audit department conducts both on-site and off-site auditing and special targeted audits on various risks faced by the Bank, e.g. credit risk, market risk, operational risk and information technology risk, after which it issues an audit report on the audit results. To urge that the audited department take appropriate corrective actions according to audit suggestions, the audit department keeps track of the results of corrective actions on a regular basis, so as to ensure the rectification effect.

During the Reporting Period, adhering to the audit concept of “keeping a foothold by the spirit of auditing, establishing a career by innovation and standardization, and building up reputation by self-construction”, by focusing on the work goal of “consolidating and deepening the year”, the Group will accurately master the new requirements for the audit work in the new phrase of development, and seize the opportunity of digital transformation, the internal audit department of the Group continuously explored and innovated audit methods, effectively fulfilled its role of supervision and service, continuously optimized the audit system, refined the process of audit quality control, strictly implemented the problem rectification mechanism, attached importance to the effectiveness of achievement transformation, and effectively improved the internal control and management mechanism of the Bank.



7.1 BOND ISSUE AND REPURCHASE

7.1.1 Bonds issued

Approved by the PBoC and CBRC Jiangxi Office, in July 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.70% per annum, and the interest payment method is annual payment, which expired on July 14, 2021). In August 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.48% per annum, and the interest payment method is annual payment, which expired on August 8, 2021). All of the proceeds from the two bond issues above have been placed into loan programs in green industries according to the approvals of regulatory authorities.

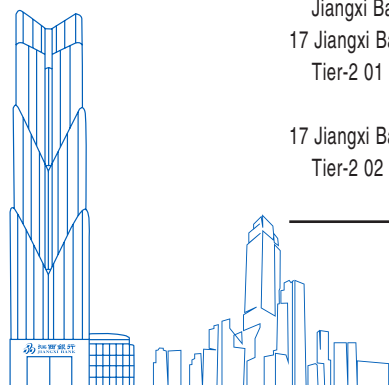
Approved by the PBoC and CBRC Jiangxi Office, in June 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on June 7, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on June 7, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBoC and CBRC Jiangxi Office, in September 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on September 28, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on September 28, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

The detailed information of bonds is as follows:

Detailed information of bonds

Bond name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest payment method
16 Green Finance of Jiangxi Bank 02	Fixed interest rate	RMB1.5 billion	5 years	3.70%	Annual payment
16 Green Finance of Jiangxi Bank 04	Fixed interest rate	RMB1.5 billion	5 years	3.48%	Annual payment
17 Jiangxi Bank Tier-2 01	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
17 Jiangxi Bank Tier-2 02	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment



CHAPTER VII IMPORTANT MATTERS

7.1.2 Issue of interbank deposit receipts

As of June 30, 2021, the Bank has issued 85 interbank deposit receipts with total balance of RMB33.672 billion for the year.

7.1.3 Repurchase

During the Reporting Period, the Bank or any of its subsidiaries did not repurchase any bonds.

7.2 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1.3455 billion H Shares in total, and the balance of the net proceeds from the global offering amounted to approximately HK\$8.598 billion. All funds raised by the Bank from the global offering were used in accordance with the purposes disclosed in the Prospectus, i.e. reinforcing the Bank's capital base so as to support the sustained growth of the Group's business.

7.3 INTERIM DIVIDENDS

The Board does not recommend the payment of the interim dividends for the six months ended June 30, 2021.

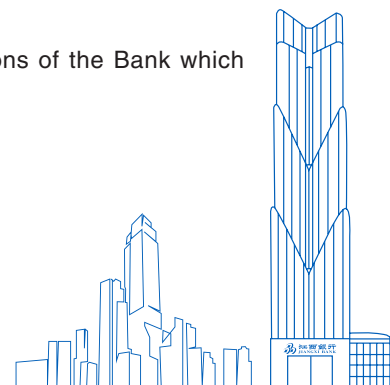
7.4 MAJOR LAWSUITS, ARBITRATIONS AND MAJOR CASES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, there were 74 pending litigation and arbitration cases with a principal amount of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal amount of approximately RMB7.99 billion (including the amount written off). There were 4 pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB642 million.

As of the end of the Reporting Period, the Bank expected that the above ongoing litigation or arbitration cases (whether individually or jointly) will not have a material adverse impact on the Bank's operating and financial position.

7.5 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the Reporting Period, there were no significant related party transactions of the Bank which adversely affected its operating results and financial position.



7.6 PUNISHMENT AGAINST THE BANK AND THE BANK'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Bank, our Directors, Supervisors and senior management have never been subject to any inspection, administrative penalty, circulation of notice of criticism from the China Securities Regulatory Commission, public punishment from the Stock Exchange and any punishment with significant impact on the Bank's operations from other regulatory agencies.

7.7 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

7.8 MAJOR GUARANTEES AND COMMITMENTS

7.8.1 Major Guarantees

The guarantee business is a daily business of the Bank. During the Reporting Period, the Bank had no material guarantee issues for disclosure except for the financial guarantee business within the business scope approved by the PBOC and the China Banking and Insurance Regulatory Commission.

7.8.2 Major Commitments

As of the end of the Reporting Period, the Bank had no major commitment.

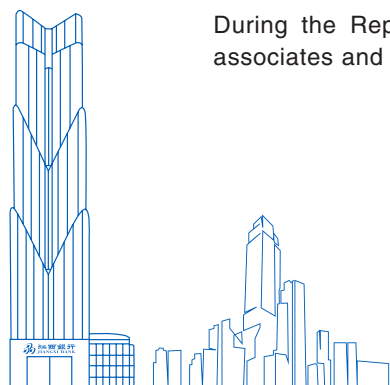
7.9 REVIEW OF THE INTERIM REPORT

The interim financial report disclosed in this interim report has not been audited. KPMG has, in accordance with the Hong Kong Standards on Review Engagements, reviewed the interim financial report for the six months ended June 30, 2021 prepared by the Group based on the International Accounting Standards issued by the International Accounting Standards Board.

On August 26, 2021, the Audit Committee reviewed and confirmed the Group's interim results announcement for the six months ended June 30, 2021, Interim Report 2021 and the unaudited interim financial report for the six months ended June 30, 2021 prepared in accordance with the International Accounting Standards.

7.10 MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.



CHAPTER VII IMPORTANT MATTERS

7.11 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

At the 2020 annual general meeting held on May 21, 2021, the Bank considered and approved to re-appoint KPMG Huazhen LLP and KPMG respectively as domestic and international auditors of the Bank for 2021 respectively for a term of one year.

7.12 MAJOR ASSET ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Bank did not have any major asset acquisitions, sales or business mergers.

7.13 PROFIT DISTRIBUTION DURING THE REPORTING PERIOD

(1) Profit distribution in 2020

Upon consideration and approval at the 2020 annual general meeting held on May 21, 2021, the Bank decided to distribute dividends at RMB0.05 per share (including tax) to all Shareholders. The 2020 dividend of the Bank was distributed on July 21, 2021.

(2) Profit distribution in mid-2021

The Bank did not distribute nor plan to distribute any interim dividend for the six months ended June 30, 2021.

7.14 SIGNIFICANT INVESTMENTS AND PLANS

During the Reporting Period, the Bank had no significant investments and plans.

7.15 LOAN AGREEMENT

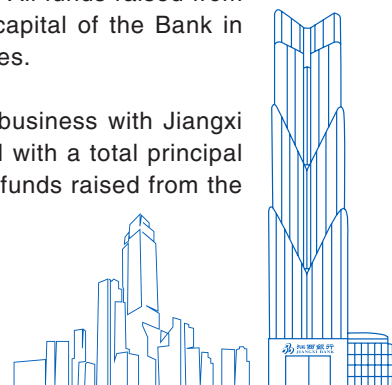
During the Reporting Period, the Bank did not violate any loan agreement.

7.16 SHARE OPTION SCHEME

During the Reporting Period, the Bank did not implement any share option scheme.

7.17 SUBSEQUENT EVENTS

1. Approved by the PBOC and CBRC Jiangxi Office, in August 2021, the Bank issued capital bonds with no fixed term with a total principal amount of RMB4.0 billion. All funds raised from this tranche of bonds have been used to replenish the other tier-one capital of the Bank in accordance with applicable laws and approvals from regulatory authorities.
2. In August 2021, the Bank engaged the convertible negotiated deposit business with Jiangxi Provincial Department of Finance to replenish additional tier-one capital with a total principal amount of RMB3.9 billion. The source of this business derives from the funds raised from the special bonds of local government in Jiangxi Province.



REVIEW REPORT TO THE BOARD OF DIRECTORS

Review report to the Board of Directors of Jiangxi Bank Co., Ltd.

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

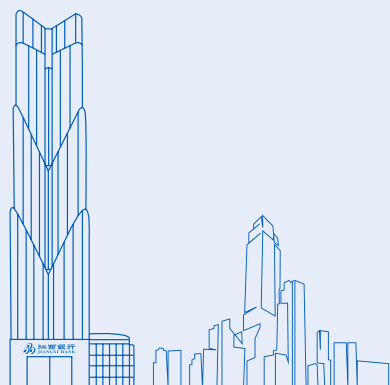
INTRODUCTION

We have reviewed the interim financial report set out on pages 101 to 218 which comprises the consolidated statement of financial position of Jiangxi Bank Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as of 30 June 2021 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 the Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institutes of Certified Public Accountants. A review of interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Hong Kong 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

CONCLUSION

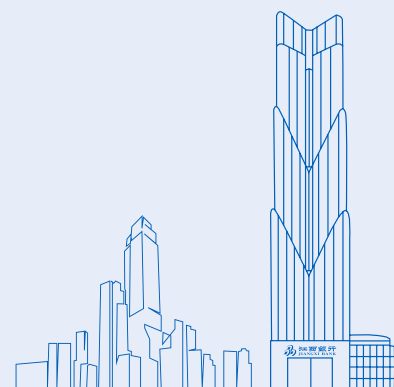
Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

27 August 2021

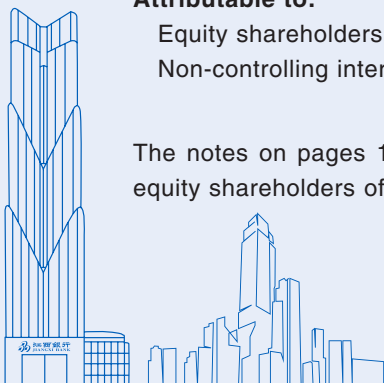


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2021 (unaudited)	2020 (unaudited)
Interest income		9,570,785	10,207,449
Interest expense		(5,435,196)	(5,310,562)
Net interest income	4	4,135,589	4,896,887
Fee and commission income		462,924	388,354
Fee and commission expense		(46,783)	(104,086)
Net fee and commission income	5	416,141	284,268
Net trading gains	6	100,539	29,097
Net gains arising from financial investments	7	688,684	596,738
Other operating income	8	13,108	21,680
Operating income		5,354,061	5,828,670
Operating expenses	9	(1,508,639)	(1,462,756)
Impairment losses on assets	10	(2,239,730)	(2,722,461)
Operating profit		1,605,692	1,643,453
Share of profits of associates		2,998	2,255
Profit before taxation		1,608,690	1,645,708
Income tax expense	11	(255,291)	(363,327)
Profit for the period		1,353,399	1,282,381
Attributable to:			
Equity shareholders of the Bank		1,330,320	1,256,195
Non-controlling interests		23,079	26,186

The notes on pages 111 to 218 form part of this interim financial report. Details of dividends payable to equity shareholders of the Bank are set out in Note 33.

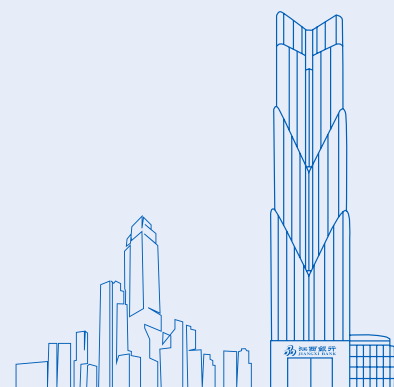


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2021 (unaudited)	2020 (unaudited)
Profit for the period		1,353,399	1,282,381
Basic and diluted earnings per share (in RMB)	12	0.22	0.21
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in the fair value reserve, net of tax		(170,096)	(385,098)
– Financial assets at fair value through other comprehensive income: net movement in impairment losses, net of tax		270,632	(42,470)
Other comprehensive income for the period	32(d)	100,536	(427,568)
Total comprehensive income for the period		1,453,935	854,813
Attributable to:			
Equity shareholders of the Bank		1,430,856	828,627
Non-controlling interests		23,079	26,186
Total comprehensive income for the period		1,453,935	854,813

The notes on pages 111 to 218 form part of this interim financial report.

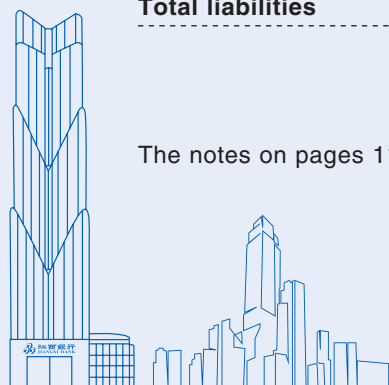


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
Assets			
Cash and deposits with the central bank	13	36,983,988	40,761,643
Deposits with banks and other financial institutions	14	2,365,434	2,151,435
Placements with banks and other financial institutions	15	2,412,726	8,231,929
Financial assets held under resale agreements	16	–	3,587,217
Loans and advances to customers	17	247,503,843	217,448,755
Financial investments:	18		
– Financial investments at fair value through profit or loss		40,718,683	41,071,980
– Financial investments at fair value through other comprehensive income		24,613,322	28,665,624
– Financial investments at amortized cost		107,843,093	106,355,490
Interest in associates	19	122,639	119,641
Property and equipment	21	2,361,009	2,456,175
Deferred tax assets	22	4,007,992	3,608,129
Other assets	23	4,328,495	4,234,792
Total assets		473,261,224	458,692,810
Liabilities and equity			
Liabilities			
Borrowing from the central bank		10,874,076	15,832,497
Deposits from banks and other financial institutions	24	23,383,223	21,416,586
Placements from banks and other financial institutions	25	4,308,531	3,204,098
Borrowing from other financial institutions	26	6,607,200	7,295,742
Financial assets sold under repurchase agreements	27	8,551,013	11,172,749
Deposits from customers	28	334,008,990	315,770,816
Income tax payable		336,065	412,453
Debt securities issued	29	42,892,543	42,439,819
Other liabilities	30	5,204,414	5,205,602
Total liabilities		436,166,055	422,750,362

The notes on pages 111 to 218 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2021 – UNAUDITED

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2021 (unaudited)	31 December 2020 (audited)
Equity			
Share capital	31	6,024,277	6,024,277
Capital reserve	32	13,291,249	13,291,249
Surplus reserve	32	2,887,970	2,887,970
General reserve	32	6,100,641	6,100,641
Other comprehensive income	32	443,042	342,506
Retained earnings	33	7,650,040	6,620,934
Total equity attributable to equity shareholders of the Bank		36,397,219	35,267,577
Non-controlling interests		697,950	674,871
Total equity		37,095,169	35,942,448
Total liabilities and equity		473,261,224	458,692,810

The financial statements have been approved by the Board of Directors of the Bank on 27 August 2021.

CHEN Xiaoming
Legal Representative

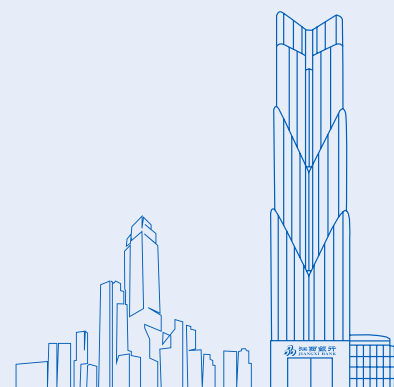
LUO Yan
President

XU Jihong
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the
Accounting Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 111 to 218 form part of this interim financial report.





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

Attributable to equity shareholders of the Bank									
Note	Share capital	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total
Balance at 1 January 2021	6,024,277	13,291,249	2,887,970	6,100,641	342,506	6,620,934	35,267,577	674,871	35,942,448
Changes in equity for the six months ended 30 June 2021:									
Profit for the period	-	-	-	-	-	1,330,320	1,330,320	23,079	1,353,399
Other comprehensive income	-	-	-	-	100,536	-	100,536	-	100,536
Total comprehensive income	-	-	-	-	100,536	1,330,320	1,430,856	23,079	1,453,935
33									
Appropriation of profit	-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders	-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 30 June 2021 (unaudited)	6,024,277	13,291,249	2,887,970	6,100,641	443,042	7,650,040	36,397,219	697,950	37,095,169

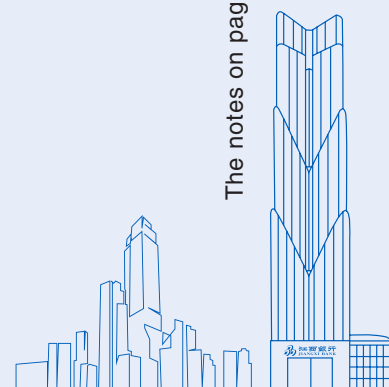
The notes on pages 111 to 218 form part of this interim financial report.

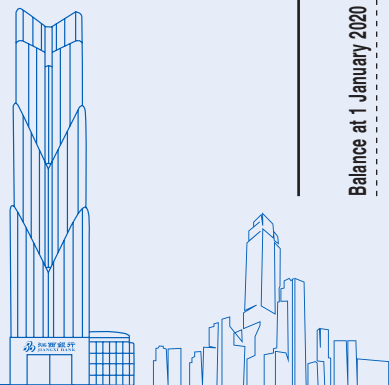
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Total
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	
							Sub-total	Non-controlling interests
Balance at 1 January 2020		6,024,277	13,291,249	2,709,402	5,873,807	1,090,422	5,467,098	631,439
Changes in equity for the six months ended 30 June 2020:								
Profit for the period		-	-	-	-	-	1,256,195	26,186
Other comprehensive income		-	-	-	-	(427,568)	-	-
Total comprehensive income		-	-	-	-	(427,568)	1,256,195	26,186
Appropriation of profit	33							
– Appropriation to shareholders		-	-	-	-	-	(301,214)	-
Balance at 30 June 2020 (unaudited)		6,024,277	13,291,249	2,709,402	5,873,807	662,854	6,422,079	657,625

The notes on pages 111 to 218 form part of this interim financial report.





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

Attributable to equity shareholders of the Bank									
Note	Share capital	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total
Balance at 1 January 2020	6,024,277	13,291,249	2,709,402	5,873,807	1,090,422	5,467,098	34,456,255	631,439	35,087,694
Changes in equity for the year:									
Profit for the year	-	-	-	-	-	1,859,165	1,859,165	45,766	1,904,931
Other comprehensive income	-	-	-	-	(747,916)	-	(747,916)	-	(747,916)
Total comprehensive income	-	-	-	-	(747,916)	1,859,165	1,111,249	45,766	1,157,015
Appropriation of profit	33								
- Changes in interest in an associate	-	-	-	-	-	-	-	22,166	22,166
- Appropriation to surplus reserve	-	-	178,568	-	-	(178,568)	-	-	-
- Appropriation to general reserve	-	-	-	226,834	-	(226,834)	-	-	-
- Appropriation to shareholders	-	-	-	-	-	(299,927)	(299,927)	(24,500)	(324,427)
Balance at 31 December 2020 (audited)	6,024,277	13,291,249	2,887,970	6,100,641	342,506	6,620,934	35,267,577	674,871	35,942,448

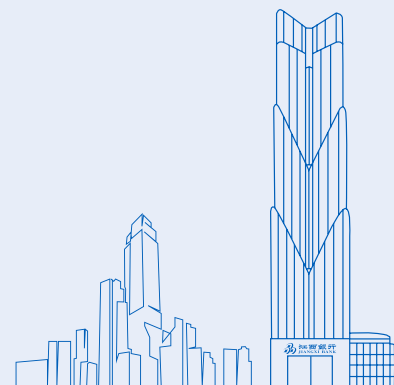
The notes on pages 111 to 218 form part of this interim financial report.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Six months ended 30 June	
	2021	2020
Note	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	1,608,690	1,645,708
<i>Adjustments for:</i>		
Impairment losses on assets	2,239,730	2,722,461
Depreciation and amortization	265,710	254,863
Interest income on financial investments	(2,983,000)	(3,831,390)
Unrealized foreign exchange losses/(gains)	1,266	(22,932)
Net (gains)/losses on changes in fair value	(15,100)	30,974
Net gains arising from financial investments	(688,684)	(596,738)
Share of profits of associates	(2,998)	(2,255)
Interest expense on lease liabilities	25,657	24,583
Interest expense on debt securities issued	677,790	908,694
Net losses/(gains) on disposal of property and equipment, intangible assets and other assets	3,073	(8,486)
Others	(62,991)	(43,817)
	1,069,143	1,081,665
<i>Changes in operating assets</i>		
Net (increase)/decrease in deposits with the central bank	(1,329,713)	567,752
Net decrease in deposits with banks and other financial institutions	16,298	—
Net decrease in placements with banks and other financial institutions	131,723	—
Net increase in loans and advances to customers	(31,407,465)	(8,059,939)
Net increase in financial investments held for trading purpose	(1,201,326)	(3,054,850)
Net increase in other operating assets	(180,957)	(155,316)
	(33,971,440)	(10,702,353)

The notes on pages 111 to 218 form part of this interim financial report.

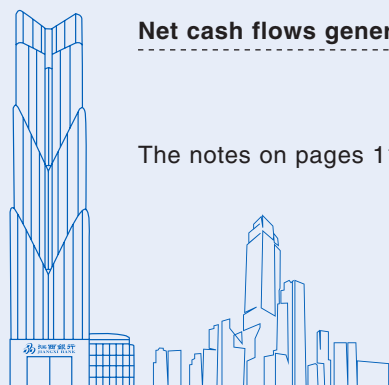


CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Six months ended 30 June	
Note	2021 (unaudited)	2020 (unaudited)
Cash flows from operating activities (continued)		
<i>Changes in operating liabilities</i>		
Net (decrease)/increase in borrowing from the central bank	(5,008,590)	3,285,267
Net increase/(decrease) in deposits from banks and other financial institutions	2,043,116	(7,738,252)
Net increase in placements from banks and other financial institutions	1,098,672	200,059
Net decrease in borrowing from other financial institutions	(668,000)	(3,430,000)
Net decrease in financial assets sold under repurchase agreements	(2,622,200)	(8,521,860)
Net increase in deposits from customers	18,362,819	19,754,610
Net decrease in other operating liabilities	(848,274)	(176,132)
	12,357,543	3,373,692
Net cash flows used in operating activities before tax	(20,544,754)	(6,246,996)
Income tax paid	(527,783)	(1,104,652)
Net cash flows used in operating activities	(21,072,537)	(7,351,648)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	24,860,717	41,451,649
Net cash received from investment gains and interest	3,490,975	4,247,033
Net losses/(gains) on disposal of property and equipment, intangible assets and other assets	(1,219)	2,044
Payments on acquisition of investments	(21,039,023)	(44,333,131)
Payments on acquisition of non-current assets	(85,570)	(162,631)
Net cash flows generated from investing activities	7,225,880	1,204,964

The notes on pages 111 to 218 form part of this interim financial report.

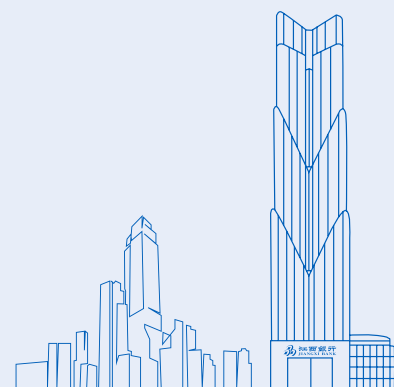


CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2021 (unaudited)	2020 (unaudited)
Cash flows from financing activities			
Proceeds from debt securities issued	34(c)	27,173,275	34,206,893
Repayments of debt securities issued	34(c)	(27,240,000)	(31,480,000)
Interest paid on debt securities issued	34(c)	(158,341)	(150,780)
Payment of lease liabilities	34(c)	(79,928)	(72,582)
Dividends paid		–	(3)
Net cash flows (used in)/generated from financing activities		(304,994)	2,503,528
Effect of foreign exchange rate changes on cash and cash equivalents			
		(12,144)	(16,174)
Net decrease in cash and cash equivalents	34(a)	(14,163,795)	(3,659,330)
Cash and cash equivalents as at 1 January		22,780,384	23,637,238
Cash and cash equivalents as at 30 June	34(b)	8,616,589	19,977,908
Net cash flows generated from operating activities include:			
Interest received		6,497,113	6,476,534
Interest paid		(4,929,927)	(4,750,845)

The notes on pages 111 to 218 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

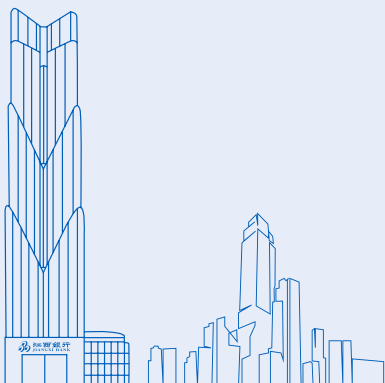
1 BACKGROUND INFORMATION

Jiangxi Bank Co., Ltd. (the “Bank”), formerly known as Nanchang Bank Co., Ltd., headquartered in Nanchang, Jiangxi Province. On 31 December 1997, the Bank was established by Nanchang Municipal Bureau of Finance, several business entities and natural persons, on the basis of formerly 40 urban credit cooperatives located in Nanchang City, with the approval of the People’s Bank of China (“PBOC”). On 18 February 1998, the Bank was registered as Nanchang City Commercial Bank Co., Ltd., with the approval of Jiangxi Province Administration of Industry and Commerce.

On 6 August 2008, the Bank changed its name from Nanchang City Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd.. On 3 December 2015, the former China Banking Regulatory Commission (the “former CBRC”) promulgated Yinjianfu 2015 No.658 <Approval of the Acquisition of Jingdezhen City Commercial Bank by Nanchang Bank>. On 7 December 2015, Jiangxi Province State Council promulgated GanFuZi 2015 No. 85 <Notice on the Issuance of Establishment Plan for Jiangxi Bank Co., Ltd.>, Nanchang Bank Co., Ltd. acquired Jingdezhen City Commercial Bank Co., Ltd. by acquiring its entire equity interest and changed its name to Jiangxi Bank Co., Ltd. on 11 December 2015.

The Bank obtained its finance permit No. B0792H236010001 from the former CBRC. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are deposit taking; granting of loans; domestic settlement; foreign exchange business, bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund and other business activities approved by the former CBRC. The Bank is regulated by China Banking Insurance Regulatory Commission (the “CBIRC”) authorized by the State Council.

In June 2018, the Bank’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 1916).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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 27 August 2021.

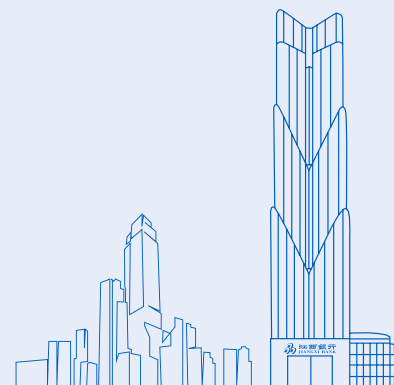
The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies 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 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 2020 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 Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2020 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 UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, 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:

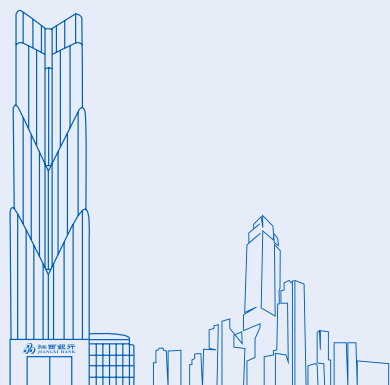
Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

The amendment extends the time limit in one of the qualifying criteria of the practical expedient for COVID-19-related rent concessions from 30 June 2021 to 30 June 2022. As such, the use of the practical expedient is available to more rent concessions, in particular those involving reduction in lease payments originally due after 30 June 2021 but before 30 June 2022.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates.

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.



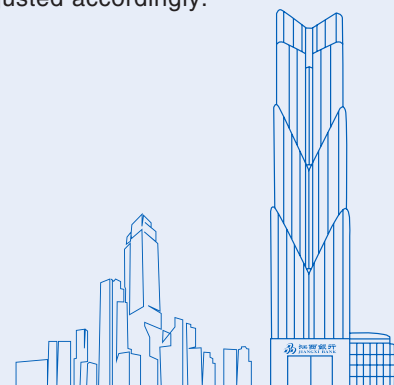
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 NET INTEREST INCOME

	Six months ended 30 June	
	2021	2020
Interest income arising from		
Deposits with the central bank	269,883	242,258
Deposits with banks and other financial institutions	3,516	4,811
Placements with banks and other financial institutions	43,981	23,683
Financial assets held under resale agreements	179,947	126,932
Loans and advances to customers		
– Corporate loans and advances	3,694,761	3,571,812
– Personal loans and advances	2,044,292	2,133,609
– Discounted bills	351,405	272,954
Financial investments	2,983,000	3,831,390
Sub-total	9,570,785	10,207,449
Interest expense arising from		
Borrowing from the central bank	(155,413)	(144,851)
Deposits from banks and other financial institutions	(324,196)	(422,655)
Placements from banks and other financial institutions	(54,851)	(61,528)
Borrowing from other financial institutions	(142,273)	(262,815)
Financial assets sold under repurchase agreements	(209,902)	(126,709)
Deposits from customers	(3,870,771)	(3,383,310)
Debt securities issued	(677,790)	(908,694)
Sub-total	(5,435,196)	(5,310,562)
Net interest income	4,135,589	4,896,887

Since 2020, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

5 NET FEE AND COMMISSION INCOME

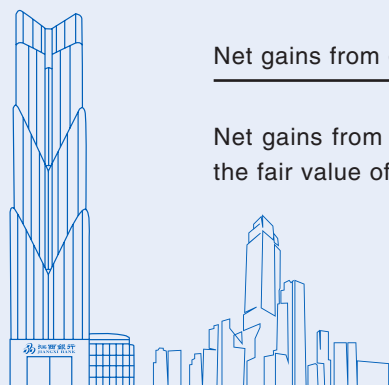
	Six months ended 30 June	
	2021	2020
Fee and commission income		
Agency and custody services fees	250,654	164,367
Acceptance and guarantee service fees	107,133	82,282
Bank card service fees	38,040	39,908
Settlement and electronic channel business fees	35,508	34,631
Financial leasing service fees	29,085	55,186
Advisory and consulting fees	915	10,366
Others	1,589	1,614
Sub-total	462,924	388,354
Fee and commission expense		
Transaction fees	(19,274)	(16,982)
Settlement and clearing fees	(16,600)	(18,489)
Financial leasing service fees	(9,523)	(27,375)
Platform cooperation fees	(1,264)	(40,800)
Others	(122)	(440)
Sub-total	(46,783)	(104,086)
Net fee and commission income	416,141	284,268

Since 2020, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.

6 NET TRADING GAINS

	Six months ended 30 June	
	2021	2020
Net gains from debt securities	100,539	29,097

Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of financial assets held for trading.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

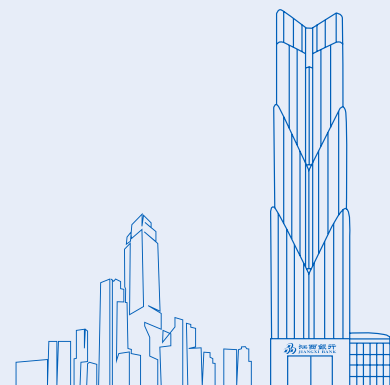
7 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

		Six months ended 30 June	
	Note	2021	2020
Net gains on financial investments at fair value through profit or loss	(i)	412,987	34,845
Realized gains from investment funds		270,325	499,080
Net gains on financial investments at fair value through other comprehensive income		4,821	29,574
Dividend income		551	—
Net gains on financial investments at amortized cost		—	33,239
Total		688,684	596,738

- (i) Net gains on financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2021	2020
Government grants	33,923	9,373
Rental income	1,065	4,650
Net (losses)/gains on disposal of non-current assets	(3,073)	8,486
Foreign exchange (losses)/gains	(9,264)	22,932
Others	(9,543)	(23,761)
Total	13,108	21,680



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 OPERATING EXPENSES

	Six months ended 30 June	
	2021	2020
Staff costs		
– Salaries, bonuses and allowances	617,949	667,167
– Social insurance and supplementary retirement benefits	129,567	66,107
– Housing fund	55,312	50,649
– Staff welfares	38,382	34,345
– Employee education expenses and labour union expenses	25,530	25,963
– Others	7,390	10,798
Sub-total	874,130	855,029
Depreciation and amortization	265,710	254,863
Tax and surcharges	58,473	65,456
Interest expense on lease liabilities	25,657	24,583
Other general and administrative expenses	284,669	262,825
Total	1,508,639	1,462,756

10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2021	2020
Loans and advances to customers	1,450,123	2,236,313
Financial investments	499,467	313,415
Others	290,140	172,733
Total	2,239,730	2,722,461



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

11 INCOME TAX EXPENSE

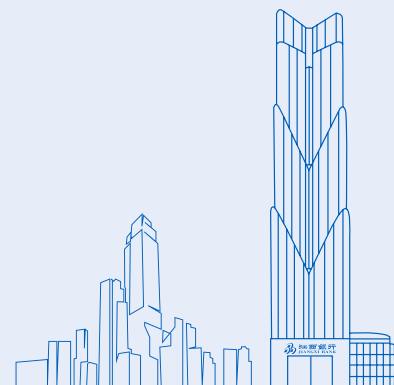
(a) Income tax expense:

		Six months ended 30 June	
	Note	2021	2020
Current tax		618,807	903,056
Tax filing differences		(20,352)	75,086
Changes in deferred tax	22(b)	(343,164)	(614,815)
Total		255,291	363,327

(b) Reconciliations between income tax and accounting profit are as follows:

		Six months ended 30 June	
	Note	2021	2020
Profit before taxation		1,608,690	1,645,708
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		402,173	411,427
Non-taxable income	(i)	(185,627)	(206,594)
Non-deductible expenses		59,097	83,408
Tax filing differences		(20,352)	75,086
Income tax expense		255,291	363,327

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realized gains from investment funds.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

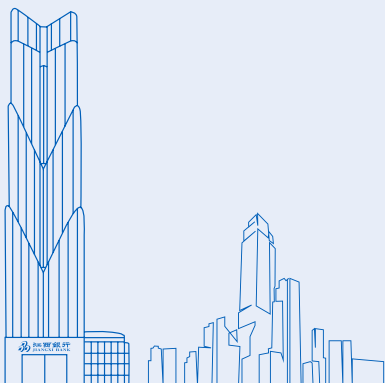
12 BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
Net profit attributable to equity shareholders of the Bank	1,330,320	1,256,195
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.22	0.21

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

13 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	30 June 2021	31 December 2020
Cash on hand		795,896	817,113
Deposits with the central bank			
– Statutory deposit reserves	(a)	32,877,680	31,659,309
– Surplus deposit reserves	(b)	3,068,983	8,154,867
– Fiscal deposits		227,772	115,512
Sub-total		36,970,331	40,746,801
Accrued interest		13,657	14,842
Total		36,983,988	40,761,643



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

13 CASH AND DEPOSITS WITH THE CENTRAL BANK (Continued)

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserve ratios applicable to the Bank were as follows:

	30 June 2021	31 December 2020
Reserve ratio for RMB deposits	10.0%	10.0%
Reserve ratio for foreign currency deposits	7.0%	5.0%

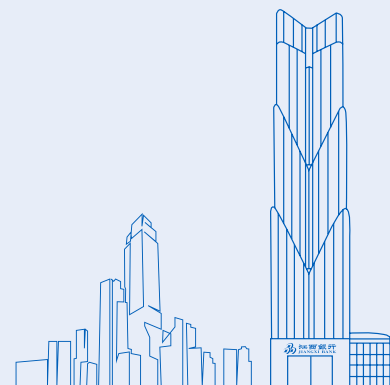
The statutory deposit reserves are not available for the Bank's daily business.

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

14 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China		
– Banks	885,271	1,332,305
Outside mainland China		
– Banks	1,480,438	819,649
Gross balance	2,365,709	2,151,954
Accrued interest	1,146	920
Less: Allowances for impairment losses	(1,421)	(1,439)
Net balance	2,365,434	2,151,435



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

15 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

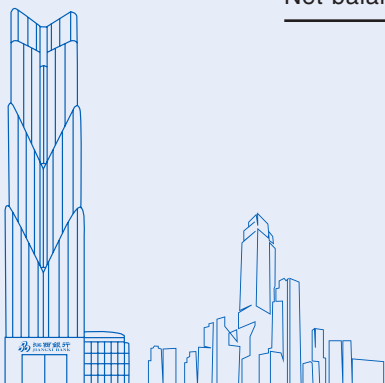
Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China		
– Other financial institutions	2,400,000	8,230,498
Gross balance	2,400,000	8,230,498
Accrued interest	13,215	2,776
Less: Allowances for impairment losses	(489)	(1,345)
Net balance	2,412,726	8,231,929

16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China		
– Banks	–	3,586,450
Gross balance	–	3,586,450
Accrued interest	–	797
Less: Allowances for impairment losses	–	(30)
Net balance	–	3,587,217



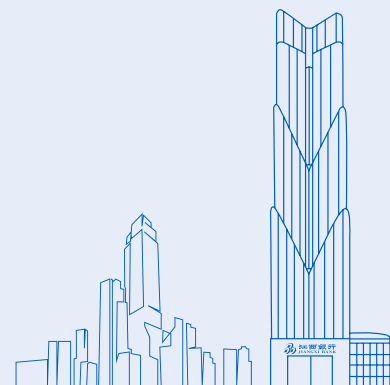
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (Continued)

(b) Analyzed by type of collateral

	30 June 2021	31 December 2020
Debt securities		
– Government	–	1,000,000
– Policy Banks	–	2,093,550
– Commercial banks and other financial institutions	–	110,700
– Corporate	–	382,200
Gross balance	–	3,586,450
Accrued interest	–	797
Less: Allowances for impairment losses	–	(30)
Net balance	–	3,587,217



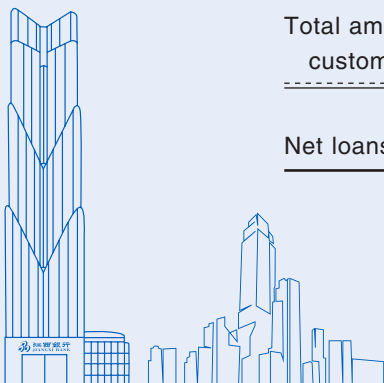
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Analyzed by nature

	30 June 2021	31 December 2020
Loans and advances to customers measured at amortized cost		
Corporate loans and advances	149,520,864	119,619,241
Personal loans and advances		
– Residential mortgage	62,448,000	61,764,074
– Personal business loans	10,408,158	9,230,359
– Personal consumption loans	1,698,700	2,125,744
– Credit cards	3,741,681	3,838,112
Sub-total	78,296,539	76,958,289
Gross loans and advances to customers measured at amortized cost	227,817,403	196,577,530
Accrued interest	557,370	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(7,656,701)	(6,572,790)
Net loans and advances to customers measured at amortized cost	220,718,072	190,604,227
Loans and advances to customers measured at FVOCI		
Corporate loans and advances	2,788,842	2,413,618
Discounted bills	23,996,929	24,430,910
Total amount of loans and advances to customers measured at FVOCI	26,785,771	26,844,528
Net loans and advances to customers	247,503,843	217,448,755



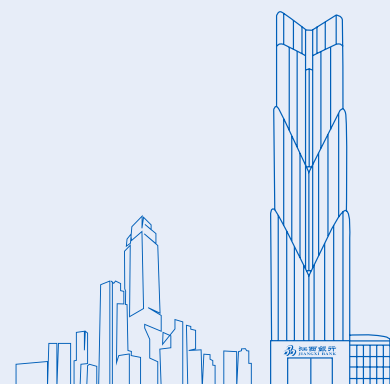
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analyzed by industry sector

	30 June 2021		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	49,885,387	19.59%	11,131,371
Water conservancy, environment and public facility management	21,871,323	8.59%	2,525,593
Wholesale and retail trade	20,555,474	8.07%	3,919,303
Manufacturing	15,660,692	6.15%	2,036,132
Construction	14,634,196	5.75%	1,638,873
Real estate	8,998,483	3.53%	2,877,487
Transportation, storage and postal services	4,172,656	1.64%	1,067,881
Finance	4,109,454	1.61%	—
Production and distribution of electricity, heating power, gas and water	2,365,221	0.93%	1,368,919
Agriculture, forestry, animal husbandry and fishery	2,165,235	0.85%	285,943
Others	7,891,585	3.11%	2,251,175
Sub-total of corporate loans and advances	152,309,706	59.82%	29,102,677
Personal loans and advances	78,296,539	30.75%	64,644,794
Discounted bills	23,996,929	9.43%	—
Gross loans and advances to customers	254,603,174	100.00%	93,747,471



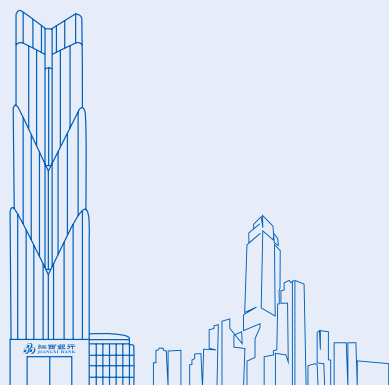
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analyzed by industry sector (Continued)

31 December 2020			
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	37,868,997	16.95%	10,987,918
Wholesale and retail trade	18,000,128	8.06%	4,248,467
Water conservancy, environment and public facility management	15,932,046	7.13%	3,412,091
Manufacturing	14,496,386	6.49%	1,868,999
Construction	11,406,981	5.11%	1,648,641
Real estate	8,145,057	3.65%	2,526,698
Transportation, storage and postal services	4,217,748	1.89%	1,133,781
Finance	2,148,451	0.96%	—
Health, social security and social welfare	1,676,971	0.75%	20,421
Production and distribution of electricity, heating power, gas and water	1,496,509	0.67%	764,819
Others	6,643,585	2.96%	2,277,093
Sub-total of corporate loans and advances	122,032,859	54.62%	28,888,928
Personal loans and advances	76,958,289	34.45%	63,289,853
Discounted bills	24,430,910	10.93%	—
Gross loans and advances to customers	223,422,058	100.00%	92,178,781



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

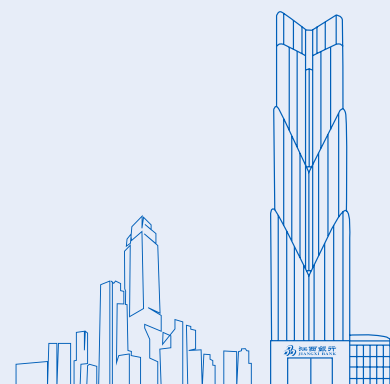
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analyzed by geographical area

	30 June 2021	
	Amount	Percentage
Nanchang area	107,677,123	42.29%
Within Jiangxi Province (apart from Nanchang area)	106,920,727	42.00%
Outside Jiangxi Province	15,842,193	6.22%
Head office	24,163,131	9.49%
Gross loans and advances to customers	254,603,174	100.00%

	31 December 2020	
	Amount	Percentage
Nanchang area	94,501,793	42.30%
Within Jiangxi Province (apart from Nanchang area)	84,658,136	37.89%
Outside Jiangxi Province	23,262,295	10.41%
Head office	20,999,834	9.40%
Gross loans and advances to customers	223,422,058	100.00%



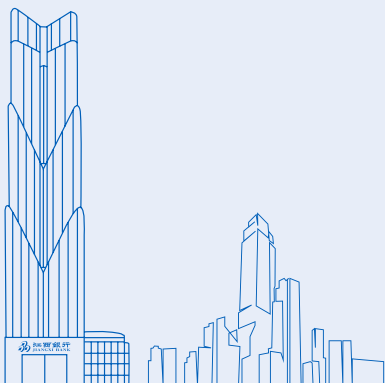
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Analyzed by type of collateral

	30 June 2021	31 December 2020
Unsecured loans	25,883,118	16,835,746
Guaranteed loans	125,727,441	107,185,585
Collateralized loans	93,747,471	92,178,781
Pledged loans	9,245,144	7,221,946
Gross loans and advances to customers	254,603,174	223,422,058
Accrued interest	557,370	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(7,656,701)	(6,572,790)
Net loans and advances to customers	247,503,843	217,448,755



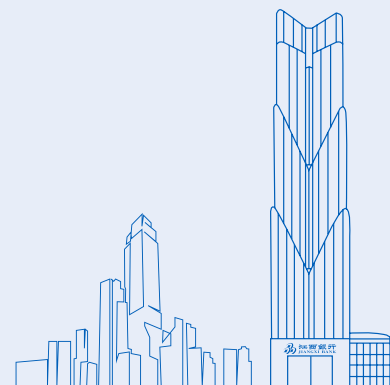
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Overdue loans analyzed by overdue period

	30 June 2021				
	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	Total
Unsecured loans	65,936	328,443	589,427	4,510	988,316
Guaranteed loans	429,265	1,184,441	332,917	58,261	2,004,884
Collateralized loans	788,868	658,398	353,336	177,414	1,978,016
Pledged loans	—	322	7	43	372
Total	1,284,069	2,171,604	1,275,687	240,228	4,971,588
As a percentage of gross loans and advances to customers	0.50%	0.85%	0.50%	0.10%	1.95%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

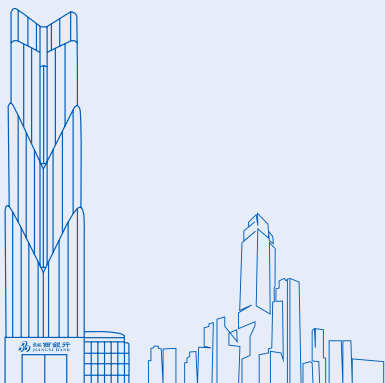
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Overdue loans analyzed by overdue period (Continued)

	31 December 2020				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	
Unsecured loans	89,028	407,096	246,677	4,331	747,132
Guaranteed loans	569,118	629,514	327,829	54,899	1,581,360
Collateralized loans	887,327	484,322	403,134	195,230	1,970,013
Pledged loans	700	7	—	43	750
Total	1,546,173	1,520,939	977,640	254,503	4,299,255
As a percentage of gross loans and advances to customers	0.69%	0.68%	0.44%	0.11%	1.92%

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



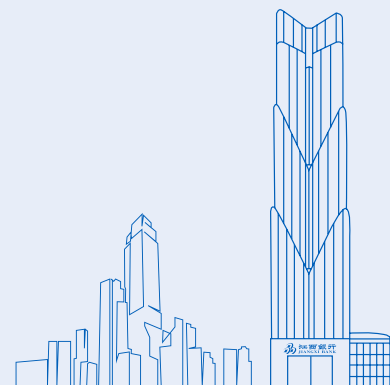
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Loans and advances and allowances for impairment losses

	30 June 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total loans and advances to customers measured at amortized cost	204,656,784	17,711,162	5,449,457	227,817,403
Accrued interest	502,502	26,914	27,954	557,370
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(2,202,328)	(1,842,038)	(3,612,335)	(7,656,701)
Carrying amount of loans and advances to customers measured at amortized cost	202,956,958	15,896,038	1,865,076	220,718,072
Carrying amount of loans and advances to customers measured at FVOCI	26,785,771	—	—	26,785,771
Total carrying amount of loans and advances to customers	229,742,729	15,896,038	1,865,076	247,503,843



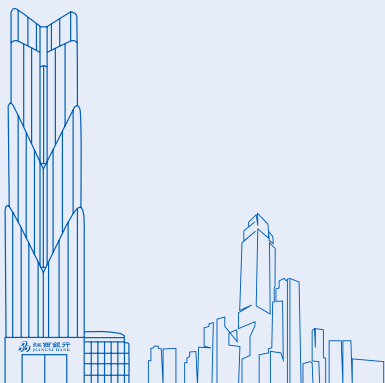
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

		31 December 2020		
		Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	12-month ECL			
Total loans and advances to customers measured at amortized cost	177,070,560	14,109,110	5,397,860	196,577,530
Accrued interest	516,990	23,899	58,598	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,455,456)	(1,986,341)	(3,130,993)	(6,572,790)
Carrying amount of loans and advances to customers measured at amortized cost	176,132,094	12,146,668	2,325,465	190,604,227
Carrying amount of loans and advances to customers measured at FVOCI	26,844,528	—	—	26,844,528
Total carrying amount of loans and advances to customers	202,976,622	12,146,668	2,325,465	217,448,755



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

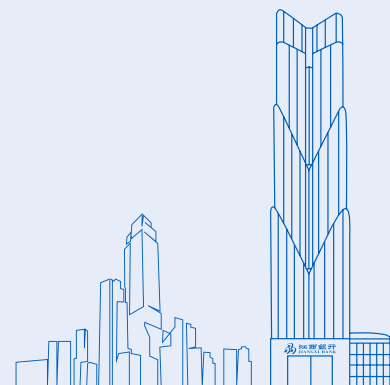
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Movements of allowances for impairment losses

- (i) Movements of allowances for impairment losses on loans and advances to customers measured at amortized cost:

	Six months ended 30 June 2021			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	1,455,456	1,986,341	3,130,993	6,572,790
Transferred:				
– to 12-month ECL	63,707	(58,378)	(5,329)	–
– to lifetime ECL not credit-impaired	(57,417)	61,871	(4,454)	–
– to lifetime ECL credit-impaired	(9,175)	(74,205)	83,380	–
Charged/(released) for the period	749,757	(73,591)	795,517	1,471,683
Transferred out	–	–	(22,759)	(22,759)
Recoveries	–	–	130,456	130,456
Write-offs	–	–	(432,478)	(432,478)
Others	–	–	(62,991)	(62,991)
As at 30 June	2,202,328	1,842,038	3,612,335	7,656,701



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

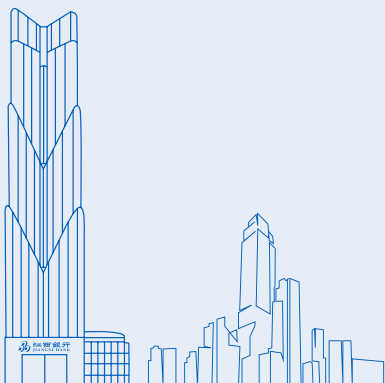
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Movements of allowances for impairment losses (Continued)

- (i) Movements of allowances for impairment losses on loans and advances to customers measured at amortized cost: (Continued)

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	1,091,078	2,166,126	4,536,158	7,793,362
Transferred:				
– to 12-month ECL	22,458	(12,403)	(10,055)	–
– to lifetime ECL not credit-impaired	(81,519)	96,018	(14,499)	–
– to lifetime ECL credit-impaired	(2,794)	(880,095)	882,889	–
Charged/(released) for the year	425,855	616,637	(179,270)	863,222
Transferred out	–	–	(1,028,323)	(1,028,323)
Recoveries	–	–	516,431	516,431
Write-offs	–	–	(1,543,661)	(1,543,661)
Others	378	58	(28,677)	(28,241)
As at 31 December	1,455,456	1,986,341	3,130,993	6,572,790



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

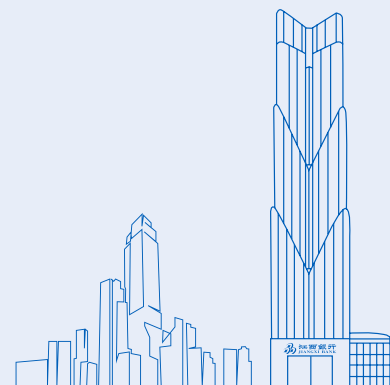
17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Movements of allowances for impairment losses (Continued)

- (ii) Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:

Six months ended 30 June 2021				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	65,864	—	—	65,864
Released for the period	(21,560)	—	—	(21,560)
As at 30 June	44,304	—	—	44,304

Year ended 31 December 2020				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	53,226	—	—	53,226
Charged for the year	12,638	—	—	12,638
As at 31 December	65,864	—	—	65,864



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

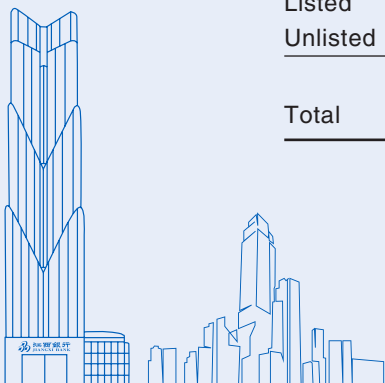
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS

	Note	30 June 2021	31 December 2020
Financial investments at fair value through profit or loss	(a)	40,718,683	41,071,980
Financial investments at fair value through other comprehensive income	(b)	24,613,322	28,665,624
Financial investments at amortized cost	(c)	107,843,093	106,355,490
Total		173,175,098	176,093,094

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

	Note	30 June 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		788,228	121,667
– Policy banks		3,969,048	3,256,609
– Commercial banks and other financial institutions		603,799	664,838
– Corporate		9,617,892	9,359,476
Sub-total		14,978,967	13,402,590
Equity instruments	(ii)	121,124	121,543
Fund investments	(iii)	19,522,698	20,589,141
Other financial investments	(iv)	6,095,894	6,958,706
Total		40,718,683	41,071,980
Listed		112,168	112,597
Unlisted		40,606,515	40,959,383
Total		40,718,683	41,071,980



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

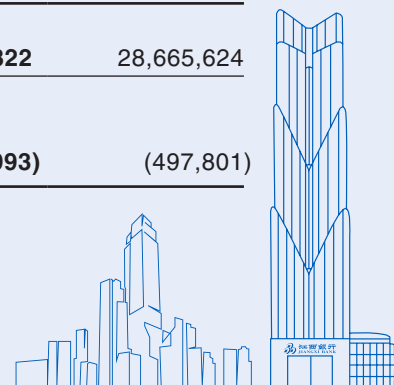
18 FINANCIAL INVESTMENTS (Continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 38(e)). No other investment was subject to material restrictions in the realization.
- (ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.
- (iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.
- (iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions and investment management products managed by securities companies and trust plans.

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

	Note	30 June 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		2,420,855	3,403,234
– Policy banks		11,668,861	11,944,996
– Corporate		2,525,083	2,695,593
Sub-total		16,614,799	18,043,823
Investment management products managed by securities companies and trust plans		7,711,741	10,145,360
Equity instruments	(ii)	10,250	10,250
Accrued interest		276,532	466,191
Total		24,613,322	28,665,624
Unlisted		24,613,322	28,665,624
Allowances for impairment losses recognized in OCI	(iii)	(789,993)	(497,801)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

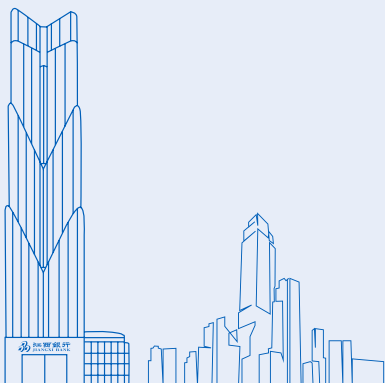
18 FINANCIAL INVESTMENTS (Continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 38(e)). No other investment was subject to material restrictions in the realization.
- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

		Dividend income recognized for the period ended	31 December 2020	Dividend income recognized for the year ended 31 December 2020
	30 June 2021	30 June 2021		
Clearing Centre for City Commercial				
Banks	250	–	250	–
China UnionPay	10,000	–	10,000	1,800
Total	10,250	–	10,250	1,800
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments during the six months ended 30 June 2021.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

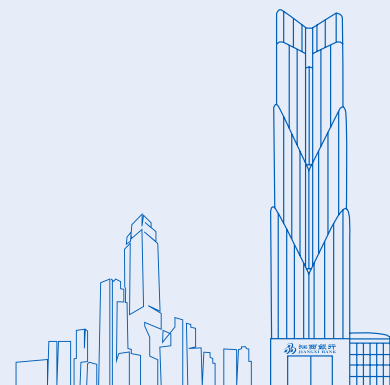
18 FINANCIAL INVESTMENTS (Continued)

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

- (iii) Movements of allowances for impairment of financial investments at fair value through other comprehensive income:

	Six months ended 30 June 2021			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	144,562	201,384	151,855	497,801
Transferred:				
– to lifetime ECL not credit-impaired	(926)	926	–	–
– to lifetime ECL credit-impaired	–	(201,384)	201,384	–
(Released)/charged for the period	(28,781)	8,997	311,976	292,192
As at 30 June	114,855	9,923	665,215	789,993

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	189,427	201,586	422,294	813,307
Transferred:				
– to lifetime ECL credit-impaired	–	(202)	202	–
Released for the year	(44,865)	–	(238,788)	(283,653)
Transferred out	–	–	(31,853)	(31,853)
As at 31 December	144,562	201,384	151,855	497,801



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost

	Note	30 June 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		26,897,030	24,493,344
– Policy banks		22,506,304	21,407,008
– Corporate bonds		7,720,638	6,750,167
Sub-total		57,123,972	52,650,519
Investment management products managed by securities companies and trust plans		54,301,732	57,415,120
Accrued interest		1,489,470	1,178,691
Less: Allowances for impairment losses	(ii)	(5,072,081)	(4,888,840)
Net carrying amount		107,843,093	106,355,490
Unlisted		107,843,093	106,355,490



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

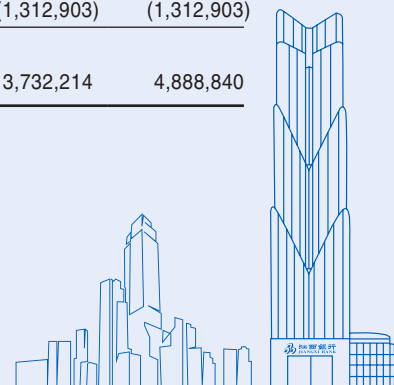
18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost (Continued)

- (i) Certain debt securities were pledged for repurchase agreements (Note 38(e)). No other investment was subject to material restrictions in the realization.
- (ii) Movements of allowances for impairment of financial investments at amortized cost:

	Six months ended 30 June 2021			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	843,583	313,043	3,732,214	4,888,840
Transferred:				
– to 12-month ECL	35,064	–	(35,064)	–
– to lifetime ECL not credit-impaired	(1,128)	1,128	–	–
– to lifetime ECL credit-impaired	(111,400)	(58,798)	170,198	–
(Released)/charged for the period	(210,136)	64,051	353,360	207,275
Transferred out	–	–	(24,034)	(24,034)
As at 30 June	555,983	319,424	4,196,674	5,072,081

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	1,239,372	319,191	3,637,632	5,196,195
Transferred:				
– to lifetime ECL not credit-impaired	(506)	506	–	–
– to lifetime ECL credit-impaired	(150,268)	(164,209)	314,477	–
(Released)/charged for the year	(245,015)	157,555	3,734,083	3,646,623
Write-off	–	–	(2,641,075)	(2,641,075)
Transferred out	–	–	(1,312,903)	(1,312,903)
As at 31 December	843,583	313,043	3,732,214	4,888,840



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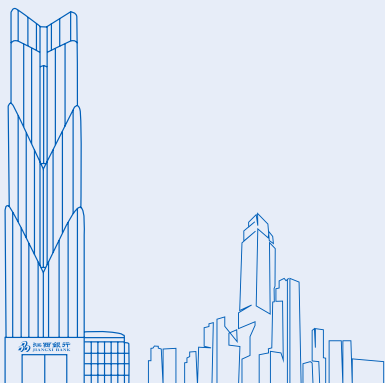
19 INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted corporate entities whose quoted market price are not available:

	Note	30 June 2021	31 December 2020
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		61,869	59,934
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		27,464	27,828
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		21,193	19,607
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		12,113	12,272
Total	(a)/(b)	122,639	119,641

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	30 June 2021	31 December 2020
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	122,639	119,641
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	2,998	7,455
– Other comprehensive income	–	–
– Total comprehensive income	2,998	7,455

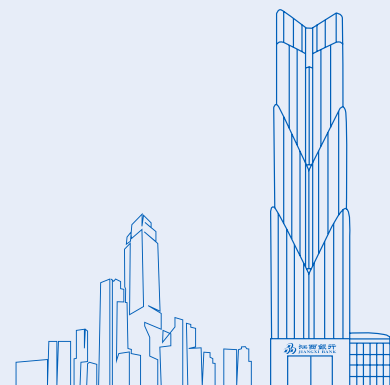


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 INTEREST IN ASSOCIATES (Continued)

- (b) Detailed information of the Group's associates that are not individually material is as follows:
- (i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As at 30 June 2021, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2020: 28.18%).
 - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB55.11 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. As at 30 June 2021, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2020: 40.00%).
 - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As at 30 June 2021, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2020: 20.00%).
 - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As at 30 June 2021, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2020: 30.00%).



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

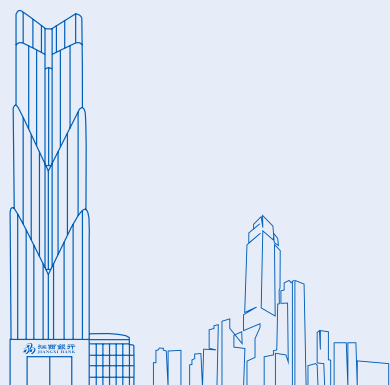
20 INVESTMENTS IN SUBSIDIARIES

	30 June 2021	31 December 2020
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	59,916	59,916
Total	1,793,916	1,793,916

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, China, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services in China, and it is a corporate legal entity. As at 30 June 2021, the Bank holds 75.74% of equity interest of JXFL (31 December 2020: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, China, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services in China, and it is a corporate legal entity.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of CBIRC Jiangxi Office. Upon the completion of the capital injection, the Bank held 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As at 30 June 2021, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2020: 69.50%).

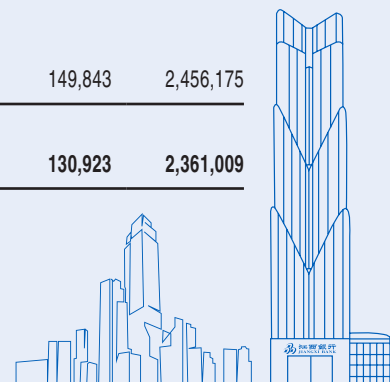


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 PROPERTY AND EQUIPMENT

	Premises	Construction in progress	Electronic equipments	Fixtures	Others	Total
Cost:						
As at 1 January 2020	2,581,835	26,182	740,806	255,431	327,186	3,931,440
Additions	282,440	34,307	42,635	22,184	45,003	426,569
Transfers from/(out of) construction in progress	7,803	(32,468)	493	1,214	353	(22,605)
Disposals	(830)	–	(8,112)	(64)	(7,412)	(16,418)
As at 31 December 2020	2,871,248	28,021	775,822	278,765	365,130	4,318,986
As at 1 January 2021	2,871,248	28,021	775,822	278,765	365,130	4,318,986
Additions	–	18,710	15,420	438	4,374	38,942
Transfers (out of)/from construction in progress	–	(9,359)	5,309	224	–	(3,826)
Disposals	(438)	–	(15,426)	–	(11,443)	(27,307)
As at 30 June 2021	2,870,810	37,372	781,125	279,427	358,061	4,326,795
Accumulated depreciation:						
As at 1 January 2020	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
Charged for the year	(128,648)	–	(45,571)	(41,150)	(45,641)	(261,010)
Disposals	–	–	6,948	–	4,681	11,629
As at 31 December 2020	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
As at 1 January 2021	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
Charged for the period	(66,701)	–	(22,039)	(17,070)	(22,623)	(128,433)
Disposals	438	–	14,248	–	10,772	25,458
As at 30 June 2021	(870,142)	–	(680,141)	(188,365)	(227,138)	(1,965,786)
Net book value:						
As at 31 December 2020	2,067,369	28,021	103,472	107,470	149,843	2,456,175
As at 30 June 2021	2,000,668	37,372	100,984	91,062	130,923	2,361,009



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 PROPERTY AND EQUIPMENT (Continued)

At 30 June 2021, the net book values of premises of which title deeds were not yet finalized were RMB9.35 million (31 December 2020: RMB9.53 million). The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

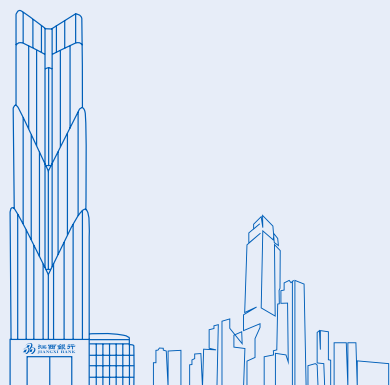
The net book values of premises at the end of the reporting period are analyzed by the remaining terms of the leases as follows:

	30 June 2021	31 December 2020
Held in mainland China		
– Medium-term leases (10 – 50 years)	2,000,668	2,067,369

22 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analyzed by nature

	30 June 2021	31 December 2020
Deferred tax assets	4,007,992	3,608,129
Deferred tax liabilities	–	–
Net balances	4,007,992	3,608,129



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

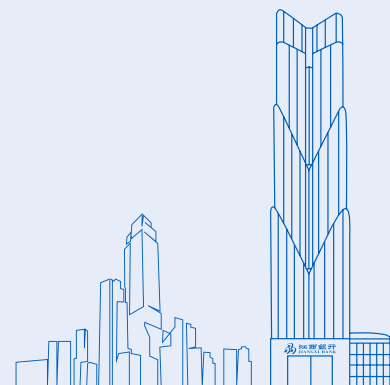
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff cost	Fair value changes of financial instruments Note (i)	Others	Net balance of deferred tax assets
1 January 2020	3,003,755	101,482	(204,572)	122,068	3,022,733
Recognized in profit or loss	198,295	35,956	179,509	12,140	425,900
Recognized in other comprehensive income	—	—	148,350	—	148,350
Others	1,963	136	—	9,047	11,146
31 December 2020	3,204,013	137,574	123,287	143,255	3,608,129
1 January 2021	3,204,013	137,574	123,287	143,255	3,608,129
Recognized in profit or loss	381,237	(19,341)	(14,989)	(3,743)	343,164
Recognized in other comprehensive income	—	—	56,699	—	56,699
30 June 2021	3,585,250	118,233	164,997	139,512	4,007,992

(i) Net gains or losses on fair value changes of financial instruments are subject to tax when realized.

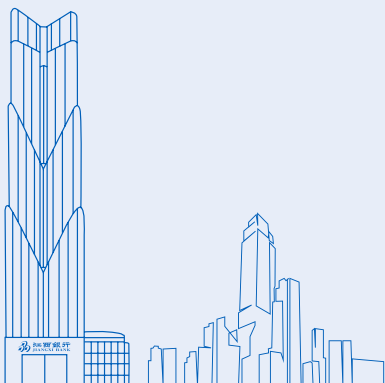


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS

	Note	30 June 2021	31 December 2020
Right-of-use assets	(a)	1,118,882	1,123,367
Interests receivable	(b)	846,216	827,579
Receivables from disposal of financial assets		765,776	722,721
Prepayments for acquisition of property and equipment		647,440	648,243
Land use rights	(c)	208,065	212,537
Settlement and clearing accounts		198,317	38,842
Reposessed assets	(d)	159,852	164,915
Intangible assets	(e)	143,446	145,686
Long-term deferred expenses		62,138	85,542
Deferred expenses		43,401	79,968
Investment properties		12,530	12,712
Goodwill		7,126	7,126
Others		181,170	214,887
Gross balance		4,394,359	4,284,125
Less: Allowances for impairment losses		(65,864)	(49,333)
Net balance		4,328,495	4,234,792



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(a) Right-of-use assets

Cost:

As at 1 January 2020	1,349,454
Additions	187,809
Disposals	(135,295)

As at 31 December 2020	1,401,968
Additions	83,497
Disposals	(2,545)

As at 30 June 2021	1,482,920
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Accumulated depreciation:

As at 1 January 2020	(135,900)
Charged for the year	(146,801)
Disposals	4,100

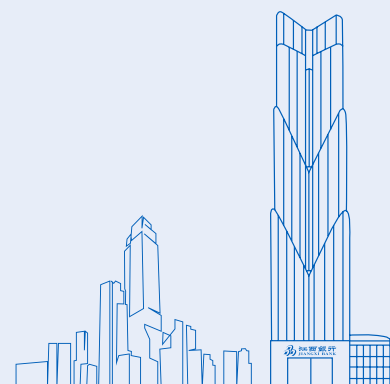
As at 31 December 2020	(278,601)
Charged for the period	(85,842)
Disposals	405

As at 30 June 2021	(364,038)
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Net book value:

As at 31 December 2020	1,123,367
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As at 30 June 2021	1,118,882
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(b) Interests receivable

	30 June 2021	31 December 2020
Interests receivable arising from:		
Financial investments	812,326	790,028
Loans and advances to customers	33,890	37,551
Total	846,216	827,579

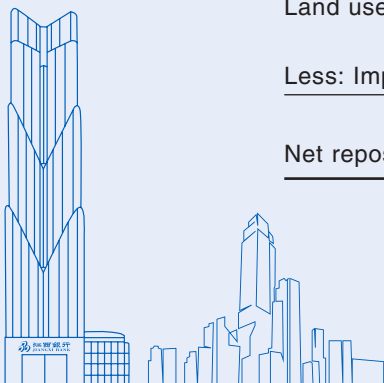
As at 30 June 2021, interests receivable only include interests that have been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(c) Land use rights

	30 June 2021	31 December 2020
Located in Mainland China		
Over 50 years	23,147	23,336
10 – 50 years	184,918	189,201
Total	208,065	212,537

(d) Repossessed assets

	30 June 2021	31 December 2020
Land use rights and buildings	159,852	164,915
Less: Impairment allowances	(19,439)	(14,787)
Net repossessed assets	140,413	150,128



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(e) Intangible assets

Cost:

As at 1 January 2020	211,842
Additions	20,829
Disposals	(1,388)

As at 31 December 2020 231,283

As at 1 January 2021	231,283
Additions	7,627
Disposals	(280)

As at 30 June 2021 238,630

Accumulated amortization:

As at 1 January 2020	(68,085)
Charged for the year	(17,899)
Disposals	387

As at 31 December 2020 (85,597)

As at 1 January 2021	(85,597)
Charged for the period	(9,867)
Disposals	280

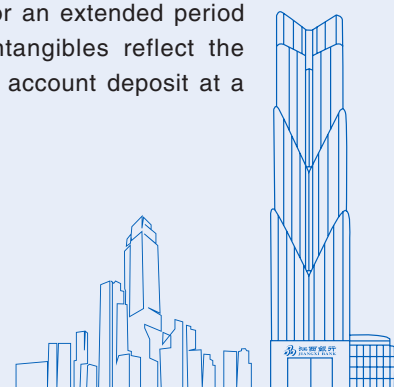
As at 30 June 2021 (95,184)

Net book value:

As at 31 December 2020 145,686

As at 30 June 2021 143,446

Intangible assets include core deposit, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

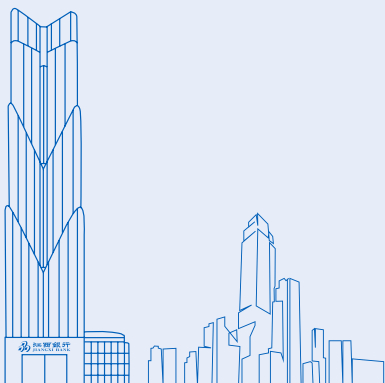
Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China		
– Banks	4,075,686	10,361,723
– Other financial institutions	19,164,312	10,835,159
Gross Balance	23,239,998	21,196,882
Accrued interest	143,225	219,704
Total	23,383,223	21,416,586

25 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China		
– Banks	4,300,000	3,200,000
Gross Balance	4,300,000	3,200,000
Accrued interest	8,531	4,098
Total	4,308,531	3,204,098



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

26 BORROWING FROM OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China – Other financial institutions	6,532,000	7,200,000
Gross Balance	6,532,000	7,200,000
Accrued interest	75,200	95,742
Total	6,607,200	7,295,742

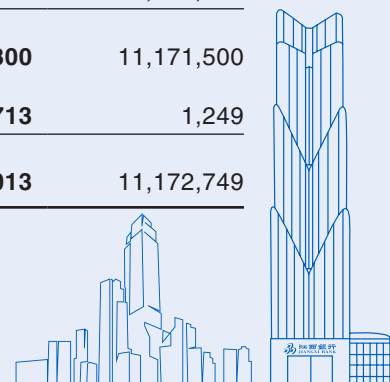
27 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2021	31 December 2020
In mainland China – Banks	8,549,300	11,171,500
Gross Balance	8,549,300	11,171,500
Accrued interest	1,713	1,249
Total	8,551,013	11,172,749

(b) Analyzed by type of collateral

	30 June 2021	31 December 2020
Debt securities – Government – Policy banks	1,999,700 6,549,600	2,297,500 8,874,000
Gross Balance	8,549,300	11,171,500
Accrued interest	1,713	1,249
Total	8,551,013	11,172,749

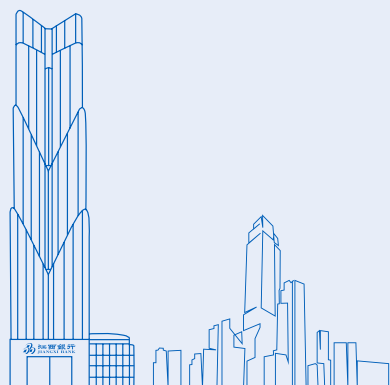


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

28 DEPOSITS FROM CUSTOMERS

	30 June 2021	31 December 2020
Demand deposits		
– Corporate customers	117,141,112	113,141,573
– Individual customers	22,244,563	21,746,216
Sub-total	139,385,675	134,887,789
Time deposits		
– Corporate customers	72,117,658	71,775,908
– Individual customers	106,275,950	94,615,738
Sub-total	178,393,608	166,391,646
Pledged deposits		
– Acceptances	8,059,748	6,312,186
– Letters of guarantees	3,021,183	2,893,897
– Letters of credit	1,606,453	1,607,998
– Others	19,306	27,708
Sub-total	12,706,690	10,841,789
Inward and outward remittances	42,525	38,107
Accrued interest	3,480,492	3,611,485
Total	334,008,990	315,770,816



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

29 DEBT SECURITIES ISSUED

	Note	30 June 2021	31 December 2020
Tier-two capital debts issued	(a)	5,997,131	5,996,851
Other debt securities issued	(b)	3,000,000	2,999,677
Certificates of interbank deposits issued	(c)	33,671,836	33,271,889
Accrued interest		223,576	171,402
Total		42,892,543	42,439,819

(a) Tier-two capital debts issued

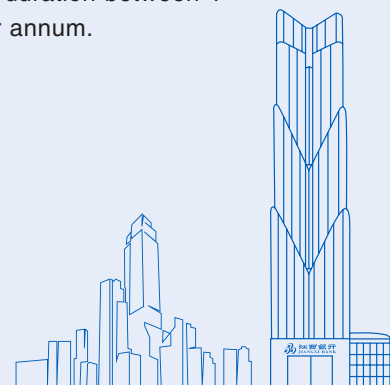
- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group had an option to redeem the tier-two capital bonds at the end of the fifth year.
- (ii) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 26 September 2017. The coupon interest rate per annum is 5.00%. The Group had an option to redeem the tier-two capital bonds at the end of the fifth year.

(b) Other debt securities issued

- (i) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 12 July 2016. The coupon interest rate per annum is 3.70%.
- (ii) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 4 August 2016. The coupon interest rate per annum is 3.48%.

(c) Certificates of interbank deposits issued

For the six months ended 30 June 2021, the Group issued a number of certificates of interbank deposits with total nominal amount of RMB34,080 million and duration between 1 – 12 months. The effective interest rates ranged from 2.40% to 3.50% per annum.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

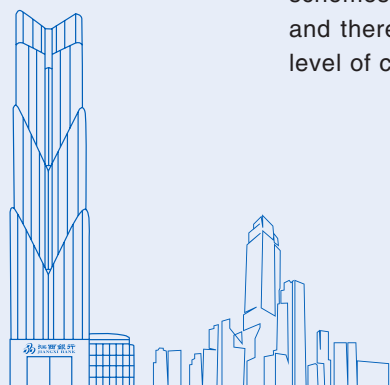
30 OTHER LIABILITIES

	Note	30 June 2021	31 December 2020
Lease liabilities		1,208,736	1,182,055
Guarantee deposits from leases		963,796	1,001,814
Accrued staff costs	(a)	871,337	1,207,982
Settlement and clearing accounts		516,215	731,020
Provisions	(b)	478,231	282,090
Dividend payable		323,690	22,476
Other tax payables		289,693	211,441
Deferred income		119,815	113,626
Receipt in advance		99,738	114,462
Payables for purchase of fixed assets		52,201	52,772
Non-performing assets collection		37,941	42,363
Others		243,021	243,501
Total		5,204,414	5,205,602

(a) Accrued staff costs

	30 June 2021	31 December 2020
Salaries, bonuses and allowances	734,261	1,062,905
Social insurance	1,026	1,080
Housing fund	334	308
Employee education costs and labor union expenditure	11,125	19,181
Supplementary retirement benefits	124,591	124,508
Total	871,337	1,207,982

Contributions to the defined contribution retirement plan, include the social pension insurance schemes and the retirement benefit annuity plan, are recognized as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

30 OTHER LIABILITIES (Continued)

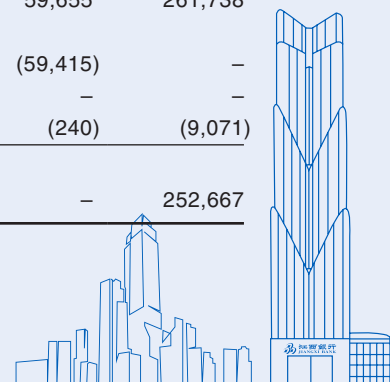
(b) Provisions

	Note	30 June 2021	31 December 2020
Litigations and disputes provision		31,446	19,758
Credit commitments provision	(i)	301,003	252,667
Others		145,782	9,665
Total		478,231	282,090

(i) Movements of credit commitments provision is as follows:

Six months ended 30 June 2021				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	252,276	391	–	252,667
Transferred:				
– to 12-month ECL	243	(243)	–	–
– to lifetime ECL not credit-impaired	(5)	5	–	–
Charged for the period	46,640	1,696	–	48,336
As at 30 June	299,154	1,849	–	301,003

Year ended 31 December 2020				
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	187,234	14,849	59,655	261,738
Transferred:				
– to 12-month ECL	59,605	(190)	(59,415)	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
Charged/(released) for the period	5,444	(14,275)	(240)	(9,071)
As at 31 December	252,276	391	–	252,667



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 SHARE CAPITAL

	30 June 2021	31 December 2020
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277

32 RESERVES

(a) Capital reserve

	30 June 2021	31 December 2020
Share premium	13,291,249	13,291,249

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. 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 People's Republic of China Generally Accepted Accounting Principles ("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.

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB6,100.64 million as at 30 June 2021 (31 December 2020: RMB6,100.64 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

32 RESERVES (Continued)

(d) Other comprehensive income

	30 June 2021	31 December 2020
As at 1 January	342,506	1,090,422
Changes in fair value recognized in other comprehensive income	(222,744)	(546,097)
Transfer to profit or loss upon disposal	(4,051)	(47,301)
Changes in impairment losses recognized in other comprehensive income	270,632	(302,868)
Less: Income tax effect	56,699	148,350
As at 30 June/31 December	443,042	342,506

33 PROFIT DISTRIBUTION

In accordance with the resolution at the Bank's Annual General Meeting on 21 May 2021, the shareholders approved the following profit appropriations for the year ended 31 December 2020:

- Appropriation of statutory surplus reserve amounted to RMB178.57 million;
- Appropriation of general reserve amounted to RMB226.83 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record on 1 June 2021.

In accordance with the resolution at the Bank's Annual General Meeting on 29 May 2020, the shareholders approved the following profit appropriations for the year ended 31 December 2019:

- Appropriation of statutory surplus reserve amounted to RMB190.61 million;
- Appropriation of general reserve amounted to RMB367.95 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB299.93 million to all existing shareholders of record on 9 June 2020.

As at 30 June 2021, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB76.12 million to surplus reserve made by subsidiaries (31 December 2020: RMB76.12 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

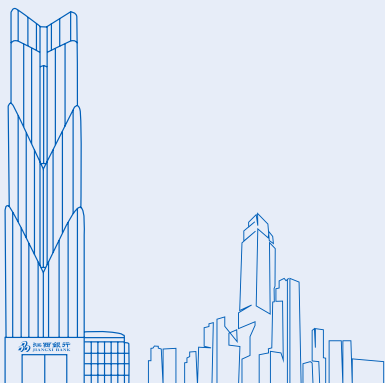
34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net decrease in cash and cash equivalents

	Six months ended 30 June	
	2021	2020
Cash and cash equivalents as at 30 June	8,616,589	19,977,908
Less: Cash and cash equivalents as at 1 January	(22,780,384)	(23,637,238)
Net decrease in cash and cash equivalents as at 30 June	(14,163,795)	(3,659,330)

(b) Cash and cash equivalents

	30 June 2021	31 December 2020
Cash on hand	795,896	817,113
Deposits with the central bank	3,068,983	8,154,867
Deposits with banks and other financial institutions	2,351,710	2,121,954
Placements with banks and other financial institutions	2,400,000	8,100,000
Financial assets held under resale agreements	—	3,586,450
Total	8,616,589	22,780,384



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

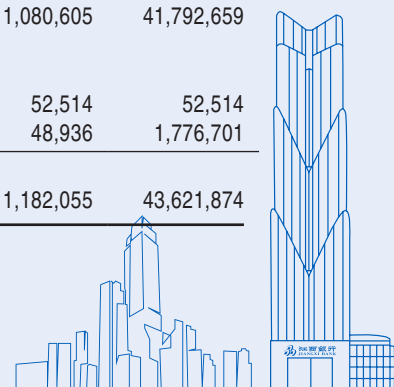
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Debt securities issued	Accrued interest arising from debt securities issued	Lease liabilities	Total
Balance at 1 January 2021	42,268,417	171,402	1,182,055	43,621,874
Changes from financing cash flows:				
– Net proceeds from debt securities issued	27,173,275	–	–	27,173,275
– Interest paid on debt securities issued	–	(158,341)	–	(158,341)
– Repayments of debt securities issued	(27,240,000)	–	–	(27,240,000)
– Repayments of lease liabilities	–	–	(79,928)	(79,928)
Total changes from financing cash flows	42,201,692	13,061	1,102,127	43,316,880
Other changes:				
– Net Increase of lease liabilities	–	–	80,952	80,952
– Interest expense	467,275	210,515	25,657	703,447
Balance at 30 June 2021	42,668,967	223,576	1,208,736	44,101,279
	Debt securities issued	Accrued interest arising from debt securities issued	Lease liabilities	Total
Balance at 1 January 2020	55,007,804	170,839	1,251,167	56,429,810
Changes from financing cash flows:				
– Net proceeds from debt securities issued	55,377,906	–	–	55,377,906
– Interest paid on debt securities issued	–	(414,495)	–	(414,495)
– Repayments of debt securities issued	(69,430,000)	–	–	(69,430,000)
– Repayments of lease liabilities	–	–	(170,562)	(170,562)
Total changes from financing cash flows	40,955,710	(243,656)	1,080,605	41,792,659
Other changes:				
– Net Increase of lease liabilities	–	–	52,514	52,514
– Interest expense	1,312,707	415,058	48,936	1,776,701
Balance at 31 December 2020	42,268,417	171,402	1,182,055	43,621,874



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

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

Shareholding in the Bank:

	30 June 2021	31 December 2020
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省高速公路投資集團有限責任公司")	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	4.37%	4.37%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	3.79%	3.79%

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 20.

(iii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 19.

(iv) Other related parties

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 35(a) or their controlling shareholders.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(b) Transactions with related parties other than key management personnel

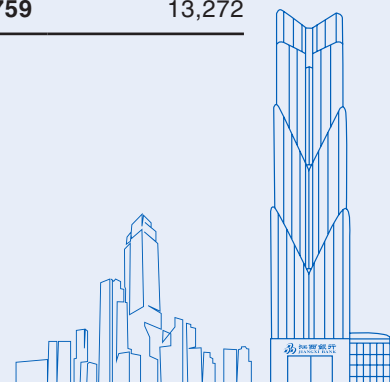
(i) Transactions between the Group and major shareholders

	Six months ended 30 June	
	2021	2020
Transactions during the period:		
Interest income	38,710	30,114
Interest expense	213,803	239,292
	30 June 2021	31 December 2020
Balances at the end of the period/year:		
Loans and advances to customers	2,025,930	2,129,891
Deposits from customers	20,755,777	21,882,924

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	Six months ended 30 June	
	2021	2020
Transactions during the period:		
Interest income	1,931	2,575
Interest expense	19,759	13,272



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

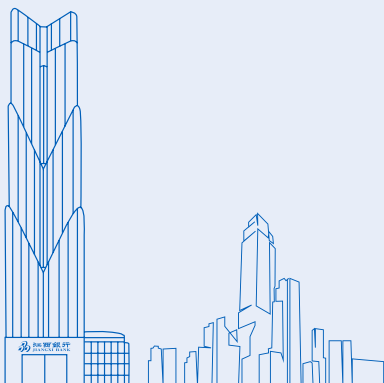
(b) Transactions with related parties other than key management personnel (Continued)

(ii) Transactions between the Bank and subsidiaries (Continued)

	30 June 2021	31 December 2020
Balances at the end of the period/year:		
Placements with banks and other financial institutions	600,035	1,860,707
Deposits from banks and other financial institutions	154,562	1,353,516

(iii) Transactions between the Bank and associates

	Six months ended 30 June 2021	2020
Transactions during the period:		
Interest expense	5,248	14,140
	30 June 2021	31 December 2020
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	266,906	429,794



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

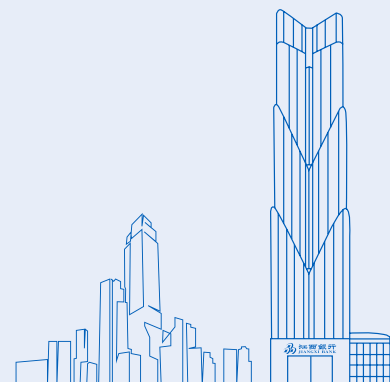
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(b) Transactions with related parties other than key management personnel (Continued)

(iv) Transactions between the Bank and other related parties

	Six months ended 30 June	
	2021	2020
Transactions during the period:		
Interest income	81,102	45,757
Interest expense	35,201	39,420
Fee and commission income	—	345
	30 June 2021	31 December 2020
Balances at the end of the period/year:		
Loans and advances to customers	3,236,710	3,264,649
Financial investments	—	13,218
Deposits from customers	616,208	3,638,756
Bank acceptances	823,000	656,000
Letters of guarantees	2,800	808



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

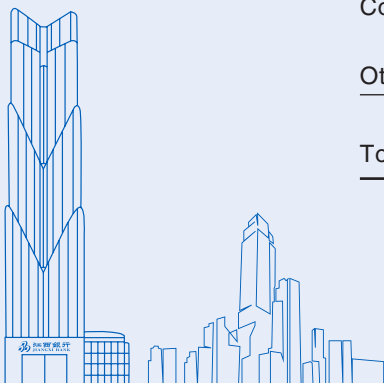
(i) Transactions between the Bank and key management personnel

	Six months ended 30 June	
	2021	2020
<hr/>		
Transactions during the period:		
Interest income	422	27
Interest expense	270	235
	<hr/>	
	30 June 2021	31 December 2020
<hr/>		
Balances at the end of the period/year:		
Loans and advances to customers	19,439	—
Deposits from customers	26,021	30,023
	<hr/>	

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	Six months ended 30 June	
	2021	2020
<hr/>		
Salaries and other emoluments	12,363	2,632
Contributions by the employer to social insurance and staff welfares, housing fund, etc.	452	275
Other welfare	165	28
	<hr/>	
Total	12,980	2,935
	<hr/>	



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

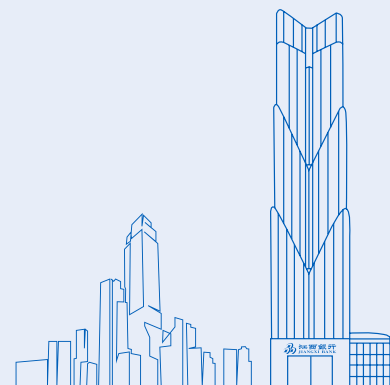
(ii) Financial investments and other financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

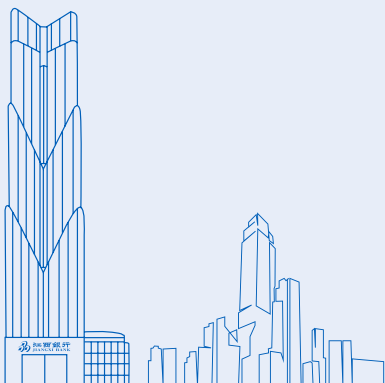
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortized cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

(ii) Financial liabilities

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.

The book value and the fair value of debt securities issued are presented in Note 36(d). The carrying amounts of other financial liabilities approximate their fair values.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

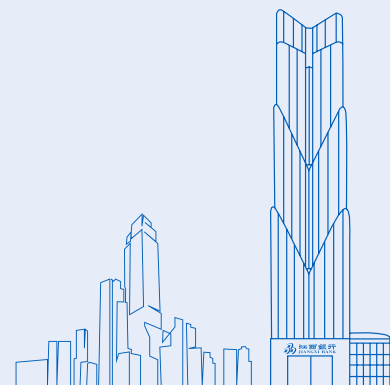
(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

Financial investments

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

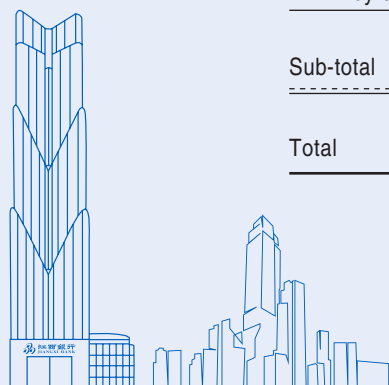
36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.

	30 June 2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	2,788,842	2,788,842
– Discounted bills	–	–	23,996,929	23,996,929
Sub-total	–	–	26,785,771	26,785,771
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	12,072,879	2,906,088	14,978,967
– Equity instruments	112,168	–	8,956	121,124
– Fund investments	19,522,698	–	–	19,522,698
– Other financial investments	–	–	6,095,894	6,095,894
Sub-total	19,634,866	12,072,879	9,010,938	40,718,683
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	16,855,796	–	16,855,796
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	7,747,276	7,747,276
Sub-total	–	16,855,796	7,757,526	24,613,322
Total	19,634,866	28,928,675	43,554,235	92,117,776



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

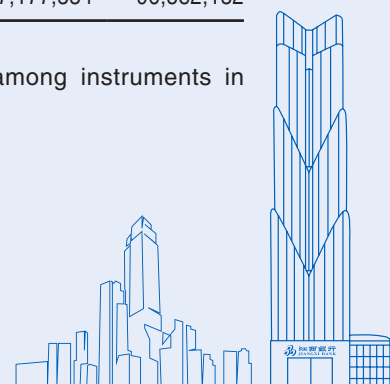
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	2,413,618	2,413,618
– Discounted bills	–	–	24,430,910	24,430,910
Sub-total	–	–	26,844,528	26,844,528
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	10,210,830	3,191,760	13,402,590
– Equity instruments	112,597	–	8,946	121,543
– Fund investments	20,589,141	–	–	20,589,141
– Other financial investments	–	–	6,958,706	6,958,706
Sub-total	20,701,738	10,210,830	10,159,412	41,071,980
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,492,230	–	18,492,230
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	10,163,144	10,163,144
Sub-total	–	18,492,230	10,173,394	28,665,624
Total	20,701,738	28,703,060	47,177,334	96,582,132

During the reporting period, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	Six months ended 30 June 2021	
	Loans and advances to customers	Financial investments
As at 1 January 2021	26,844,528	20,332,806
Total gains		
– In profit or loss for the current period	399,882	372,394
– In other comprehensive income for the current period	43,775	42,647
Purchases	3,998,535	–
Settlements	(4,500,949)	(3,979,383)
As at 30 June 2021	26,785,771	16,768,464
Total unrealized gains or losses for the period included in profit or loss for assets and liabilities held at the end of the reporting period	21,560	(194,056)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

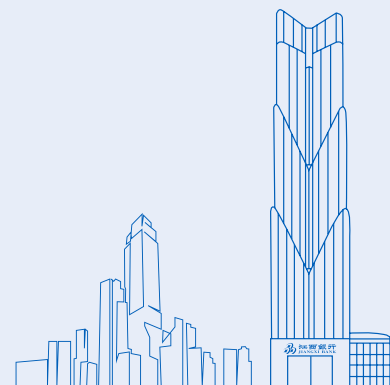
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Year ended 31 December 2020	
	Loans and advances to customers	Financial investments
As at 1 January 2020	17,000,215	27,942,369
Total gains/(losses)		
– In profit or loss for the current year	642,248	720,237
– In other comprehensive income for the current year	(27,310)	66,663
Purchases	39,367,900	2,094,360
Settlements	(30,138,525)	(10,490,823)
As at 31 December 2020	26,844,528	20,332,806
Total unrealized losses for the year included in profit or loss for assets and liabilities held at the end of the year	(12,638)	(179,726)

During the six months ended 30 June 2021, there were no significant transfers into or out of Level 3 (year ended 31 December 2020: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

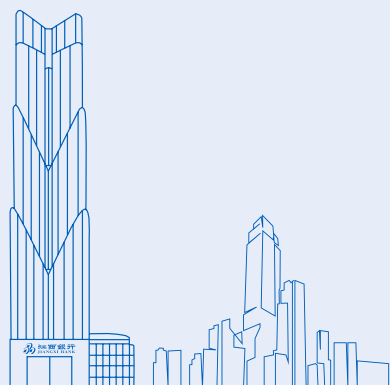
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

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

	Fair value as at 30 June 2021	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	2,788,842	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	23,996,929	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	7,747,276	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	2,906,088	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	6,095,894	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,956	Discounted cash flow	Risk-adjusted discount rate, cash flow



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

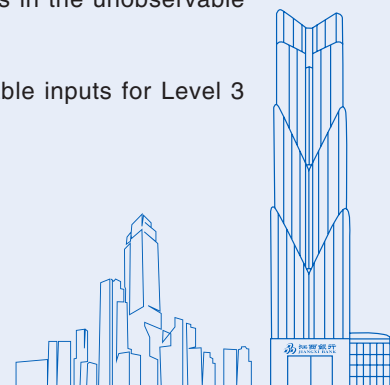
(c) Fair value hierarchy (Continued)

	Fair value as at 31 December 2020	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	2,413,618	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	24,430,910	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	10,163,144	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,191,760	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	6,958,706	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow

During the six months ended 30 June 2021, there were no significant change in the valuation techniques (year ended 31 December 2020: nil).

As at 30 June 2021, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

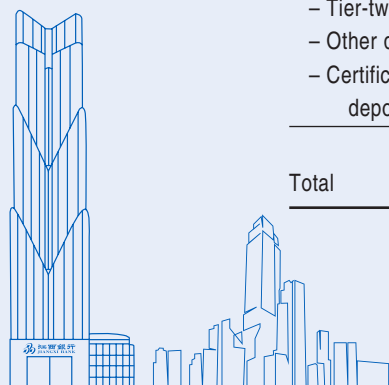
36 FAIR VALUE (Continued)

(d) Financial instruments carried at other than fair value

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.

30 June 2021					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	55,641,818	55,888,747	–	55,888,747	–
Financial liabilities					
– Tier-two capital debts issued	5,997,131	6,088,707	–	6,088,707	–
– Other debt securities issued	3,000,000	3,001,517	–	3,001,517	–
– Certificates of interbank deposits issued	33,671,836	33,302,997	–	33,302,997	–
Total	42,668,967	42,393,221	–	42,393,221	–

31 December 2020					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	51,234,743	51,192,256	–	51,192,256	–
Financial liabilities					
– Tier-two capital debts issued	5,996,851	6,078,336	–	6,078,336	–
– Other debt securities issued	2,999,677	3,010,571	–	3,010,571	–
– Certificates of interbank deposits issued	33,271,889	32,861,487	–	32,861,487	–
Total	42,268,417	41,950,394	–	41,950,394	–



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

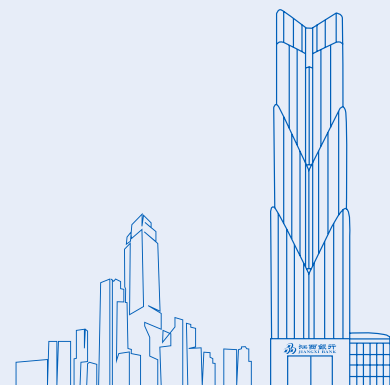
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognized in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at 30 June/31 December, the entrusted assets and liabilities were as follows:

	30 June 2021	31 December 2020
Entrusted loans	31,542,376	40,811,848
Entrusted funds	(31,542,376)	(40,811,848)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES

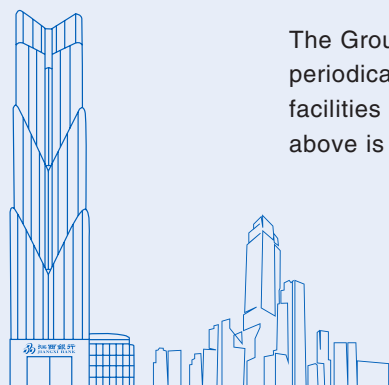
(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, unused credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	30 June 2021	31 December 2020
Loan commitments		
– Original contractual maturity within one year	4,000	5,000
– Original contractual maturity more than one year (inclusive)	138,000	140,000
Sub-total	142,000	145,000
Unused credit card commitments		
– Original contractual maturity within one year	6,418,930	5,954,494
Sub-total	6,418,930	5,954,494
Bank acceptances	24,119,332	19,748,119
Letters of credit	5,171,127	5,639,163
Letters of guarantees	17,226,528	16,474,205
Total	53,077,917	47,960,981

The Group may be exposed to credit risk in all the above credit businesses. The management periodically assesses credit risk and makes allowances for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit risk-weighted amount

	30 June 2021	31 December 2020
Credit risk-weighted amount	24,153,379	20,388,092

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the former CBRC.

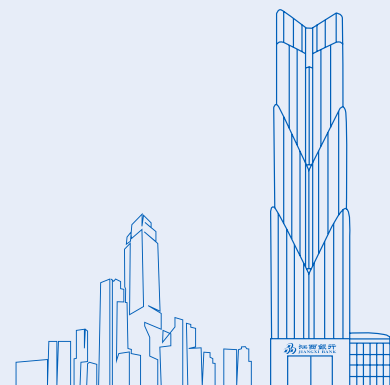
(c) Capital commitments

As at 30 June/31 December, the Group's authorized capital commitments are as follows:

	30 June 2021	31 December 2020
Contracted but not paid for	1,871	6,241

(d) Outstanding litigations and disputes

As at 30 June 2021, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2020: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analyzed by type of collateral

	30 June 2021	31 December 2020
Debt securities		
– Government	2,000,147	2,473,000
– Policy banks	6,549,600	9,047,179
Total	8,549,747	11,520,179

Analyzed by type of asset

	30 June 2021	31 December 2020
Financial investment		
– Financial assets at fair value through profit or loss	500,147	202,179
– Financial assets at fair value through other comprehensive income	–	1,070,000
– Financial assets at amortized cost	8,049,600	10,248,000
Total	8,549,747	11,520,179

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets (Continued)

(ii) Received pledged assets

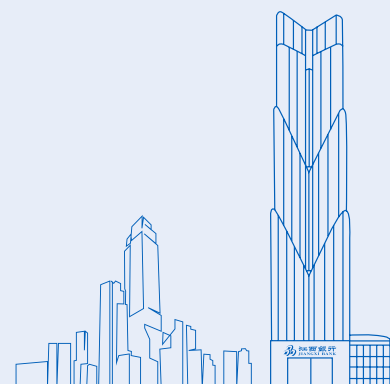
As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 30 June 2021 (31 December 2020: nil).

(f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	30 June 2021	31 December 2020
Redemption obligations	861	1,053

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

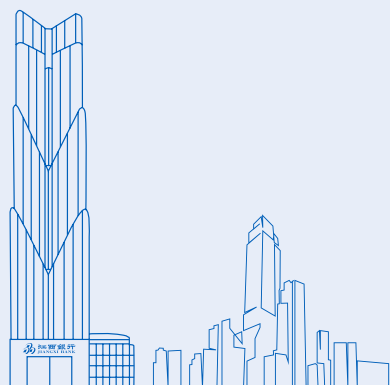
39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognized:

	30 June 2021	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	25,618,592	25,618,592
Financial investments at fair value through other comprehensive income	7,711,741	7,711,741
Financial investments at amortized cost	50,711,805	50,711,805
Total	84,042,138	84,042,138



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(Continued)

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

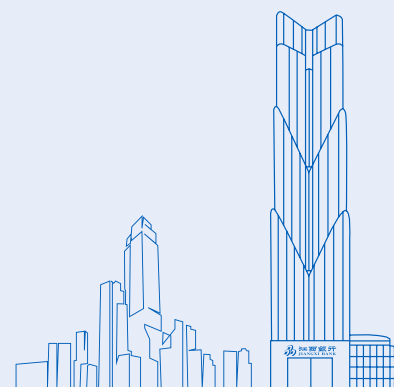
	31 December 2020	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	27,547,847	27,547,847
Financial investments at fair value through other comprehensive income	10,145,360	10,145,360
Financial investments at amortized cost	53,942,056	53,942,056
Total	91,635,263	91,635,263

The carrying amounts of the unconsolidated structural entities are equal to the maximum exposures.

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

At 30 June 2021, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB32,633.55 million (31 December 2020: RMB34,088.39 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(Continued)

(c) Unconsolidated structure entities sponsored by the Group during the six months which the Group does not consolidate and does not have an interest in

During the six months ended 30 June 2021, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 30 June amounted to RMB1,418.30 million (six months ended 30 June 2020: RMB4,448.25 million). During the six months ended 30 June 2021, the Group recorded commission income as the manager of these wealth management products amounting to RMB5.80 million (six months ended 30 June 2020: RMB3.97 million).

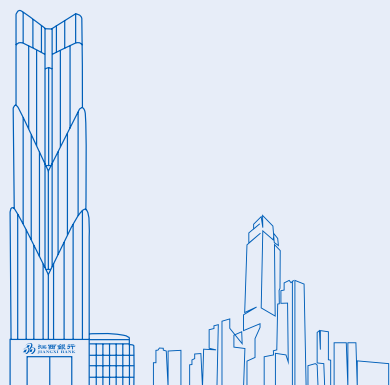
40 CAPITAL MANAGEMENT

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

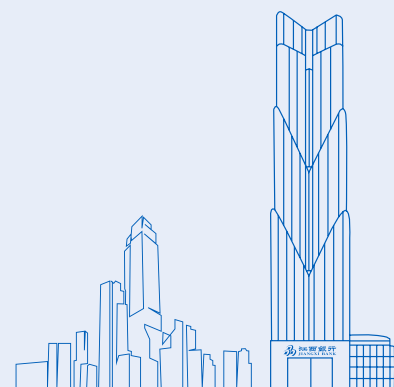
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 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 capital adequacy ratios and related components of the Group illustrated below are computed based on the Group’s statutory financial statements prepared in accordance with PRC GAAP.



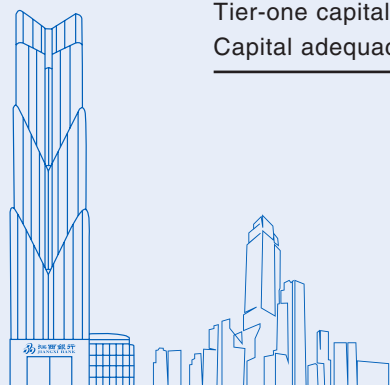
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	30 June 2021	31 December 2020
Total core tier-one capital	36,623,862	35,531,620
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,291,249	13,291,249
– Surplus reserve	2,887,970	2,887,970
– General reserve	6,100,641	6,100,641
– Retained earnings	7,650,040	6,620,934
– Other comprehensive income	443,042	342,506
– Qualifying portions of non-controlling interests	226,643	264,043
Core tier-one capital deductions	(638,299)	(346,826)
Net core tier-one capital	35,985,563	35,184,794
Other tier-one capital	30,219	35,206
Net tier-one capital	36,015,782	35,220,000
Tier-two capital	9,372,663	8,839,475
– Qualifying portions of tier-two capital instruments issued	6,000,000	6,000,000
– Surplus allowances for loan impairment	3,312,225	2,769,064
– Qualifying portions of non-controlling interests	60,438	70,411
Net capital base	45,388,445	44,059,475
Total risk weighted assets	357,137,439	341,834,325
Core tier-one capital adequacy ratio	10.08%	10.29%
Tier-one capital adequacy ratio	10.08%	10.30%
Capital adequacy ratio	12.71%	12.89%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING

(a) Operating segments

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

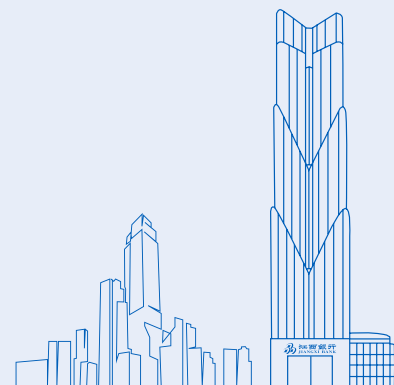
This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking and credit card

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Financial markets business

This segment covers the Group's financial markets business operations. The financial markets business includes inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Group's overall liquidity position, including the issuance of debts.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

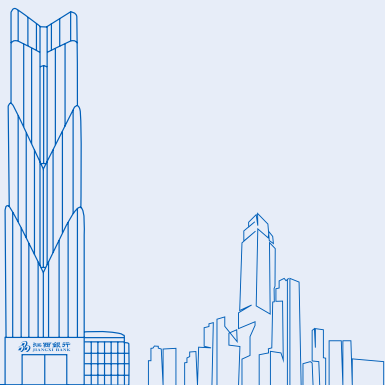
Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

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

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

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, intangible assets and other long-term assets.



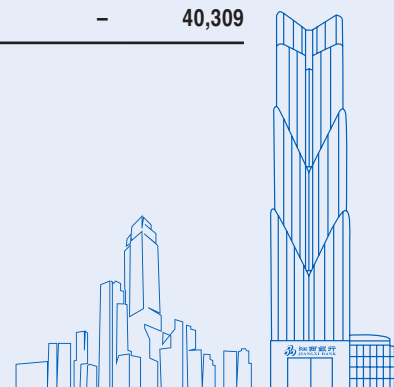
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

	Six months ended 30 June 2021				Total
	Corporate banking	Retail banking and credit card	Financial markets business	Others	
External net interest income	1,680,948	17,647	2,436,994	–	4,135,589
Internal net interest income/(expense)	777,860	1,023,638	(1,779,467)	(22,031)	–
Net interest income/(expense)	2,458,808	1,041,285	657,527	(22,031)	4,135,589
Net fee and commission income	169,935	25,797	209,612	10,797	416,141
Net trading gains	–	–	100,539	–	100,539
Net gains arising from financial investments	602	–	688,082	–	688,684
Other operating income/(expenses)	4,130	(3,053)	(11,937)	23,968	13,108
Operating income	2,633,475	1,064,029	1,643,823	12,734	5,354,061
Operating expenses	(375,121)	(441,843)	(688,463)	(3,212)	(1,508,639)
Impairment losses on assets	(1,554,440)	(58,118)	(607,238)	(19,934)	(2,239,730)
Share of profits of associates	–	–	–	2,998	2,998
Profit/(loss) before taxation	703,914	564,068	348,122	(7,414)	1,608,690
Segment assets	159,855,497	86,570,150	224,768,923	2,066,654	473,261,224
Segment liabilities	213,165,172	130,886,098	91,461,627	653,158	436,166,055
Other segment information					
– Credit commitments	46,658,987	6,418,930	–	–	53,077,917
– Depreciation and amortization	66,209	77,986	121,515	–	265,710
– Capital expenditure	10,044	11,831	18,434	–	40,309



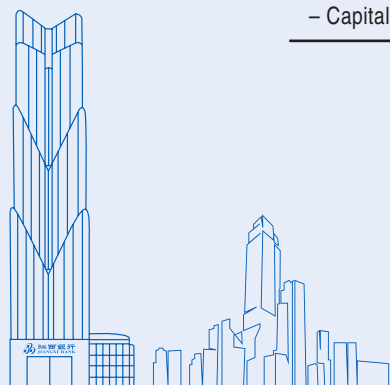
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

	Six months ended 30 June 2020				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	1,406,904	712,000	2,777,983	–	4,896,887
Internal net interest income/(expense)	1,202,931	403,169	(1,574,154)	(31,946)	–
Net interest income/(expense)	2,609,835	1,115,169	1,203,829	(31,946)	4,896,887
Net fee and commission income/(expense)	157,915	(5,786)	135,132	(2,993)	284,268
Net trading gains	–	–	29,097	–	29,097
Net gains arising from financial investments	15,138	–	581,600	–	596,738
Other operating income/(expenses)	27,889	1,808	3,889	(11,906)	21,680
Operating income	2,810,777	1,111,191	1,953,547	(46,845)	5,828,670
Operating expenses	(409,733)	(366,103)	(683,770)	(3,150)	(1,462,756)
Impairment losses on assets	(1,936,291)	(354,064)	(398,863)	(33,243)	(2,722,461)
Share of profits of associates	–	–	–	2,255	2,255
Profit/(loss) before taxation	464,753	391,024	870,914	(80,983)	1,645,708
Segment assets	129,541,502	82,810,685	249,298,719	2,175,426	463,826,332
Segment liabilities	(218,992,933)	(99,499,446)	(108,917,373)	(775,287)	(428,185,039)
Other segment information					
– Credit commitments	38,102,183	5,953,119	–	–	44,055,302
– Depreciation and amortization	30,689	53,221	170,953	–	254,863
– Capital expenditure	27,940	48,453	155,637	–	232,030



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(b) Geographical information

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.

42 RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

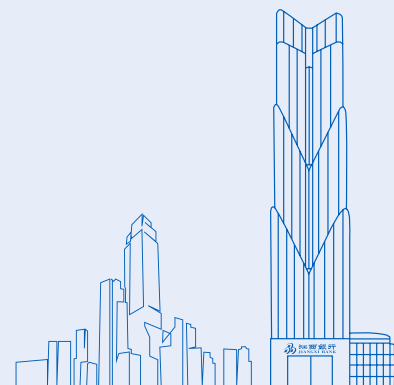
The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimize potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

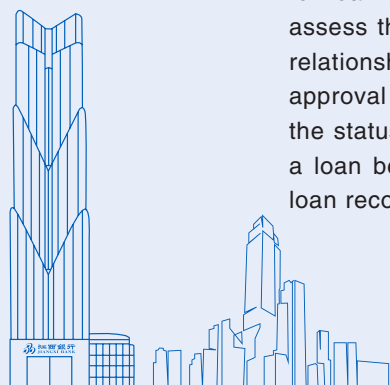
Credit business

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardized loan recovery procedures.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Treasury Business

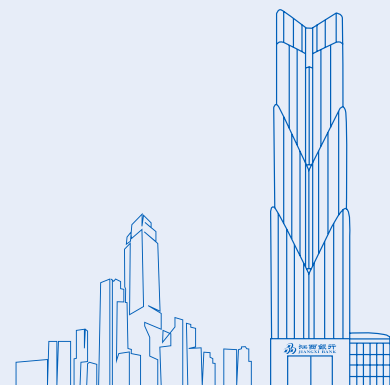
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic and real-time basis. Credit risk limits are reviewed and updated regularly.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(i) Significant increase in credit risk

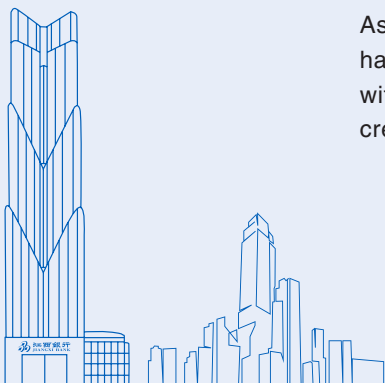
When one or more quantitative and qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralized loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 30 June 2021, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2020: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(ii) Definition of “default” and “credit-impaired assets”

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion

The financial asset is more than 90 days past due.

(b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

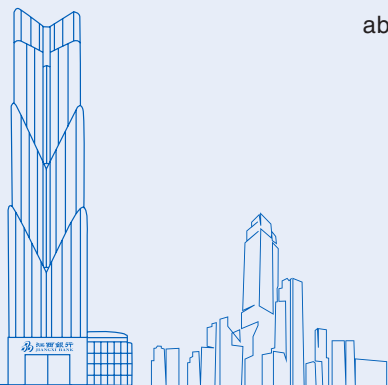
(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

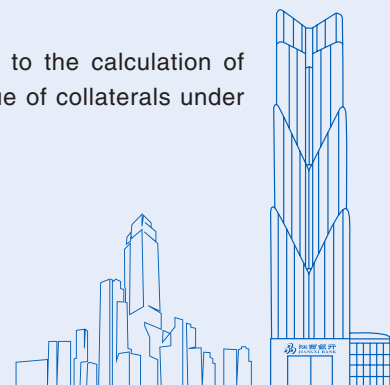
Measurement of ECL (Continued)

(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilization rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

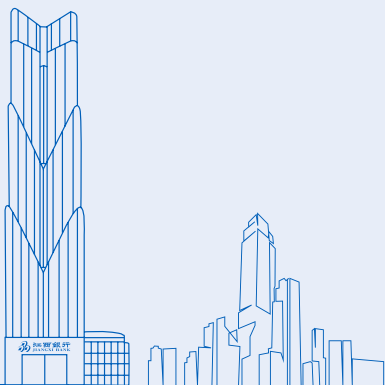
(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There have been no significant changes in the valuation techniques and key assumptions during the reporting period. For the six months ended 30 June 2021, the Group has fully considered the impact of COVID-19 pandemic on macroeconomic and the banking industry when assessing the forward-looking information used in the expected credit loss model.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items at the end of the reporting period is disclosed in Note 38(a).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

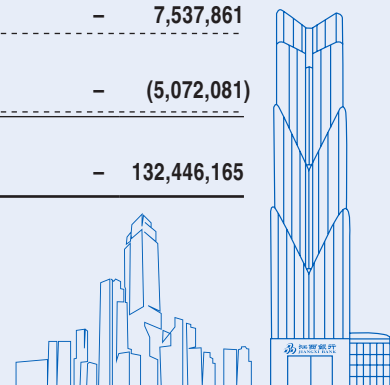
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(2) The credit quality of financial assets is analyzed as follows:

	30 June 2021			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	231,945,057	4,780,070	–	127,242,303
Sub-total	231,945,057	4,780,070	–	127,242,303
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	729,665	–	–	440,923
– Neither overdue nor credit-impaired	17,008,411	–	–	2,297,159
Sub-total	17,738,076	–	–	2,738,082
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	4,241,923	–	–	6,370,829
– Credit-impaired but not overdue	1,235,488	–	–	1,167,032
Sub-total	5,477,411	–	–	7,537,861
Less: Allowances for impairment losses	(7,656,701)	(1,910)	–	(5,072,081)
Total	247,503,843	4,778,160	–	132,446,165



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

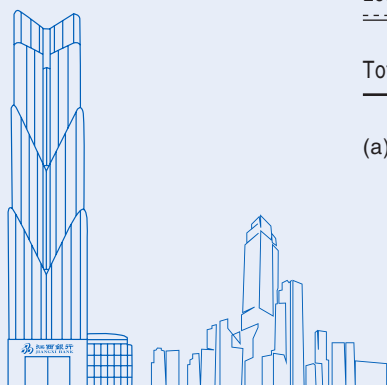
42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(2) The credit quality of financial assets is analyzed as follows: (Continued)

	31 December 2020			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	204,432,078	10,386,148	3,587,247	129,741,110
Sub-total	204,432,078	10,386,148	3,587,247	129,741,110
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	695,468	–	–	784,265
– Neither overdue nor credit-impaired	13,437,541	–	–	1,485,771
Sub-total	14,133,009	–	–	2,270,036
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,603,787	–	–	6,231,560
– Credit-impaired but not overdue	1,852,671	–	–	1,656,998
Sub-total	5,456,458	–	–	7,888,558
Less: Allowances for impairment losses	(6,572,790)	(2,784)	(30)	(4,888,840)
Total	217,448,755	10,383,364	3,587,217	135,010,864

(a) Financial investments comprise financial investments at amortized cost and financial investments at fair value through other comprehensive income (excluding equity instruments).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

- (2) The credit quality of financial assets is analyzed as follows: (Continued)

The fair value of collaterals held against loans and advances overdue but not credit-impaired at 30 June 2021 amounted to RMB571.68 million (31 December 2020: RMB356.91 million).

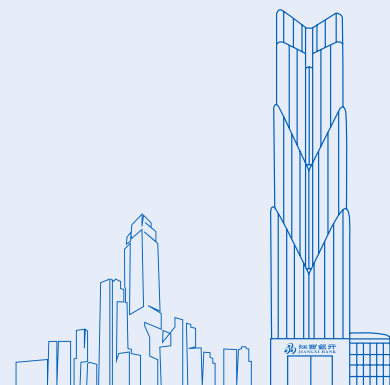
The fair value of collaterals held against loans and advances that are credit-impaired at 30 June 2021 amounted to RMB1,531.05 million (31 December 2020: RMB1,216.54 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

- (3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximize the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	30 June 2021	31 December 2020
Rescheduled loans and advances to customers	222,527	220,673
Credit-impaired loans and advances to customers included in above	222,527	220,673



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

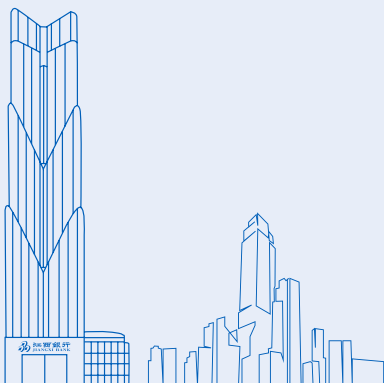
(a) Credit risk (Continued)

(4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analyzed by the rating agency designations as at the end of the reporting period are as follows:

	30 June 2021	31 December 2020
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	70,526,767	66,773,872
– AA- to AA+	14,249,292	13,602,660
– A- to A+	353,177	–
– C	355,000	419,292
Sub-total	85,484,236	80,795,824
<i>Unrated</i>	2,906,088	3,191,760
Sub-total	2,906,088	3,191,760
Total	88,390,324	83,987,584

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB69.13 billion as at 30 June 2021 (31 December 2020: RMB65.70 billion).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorized by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

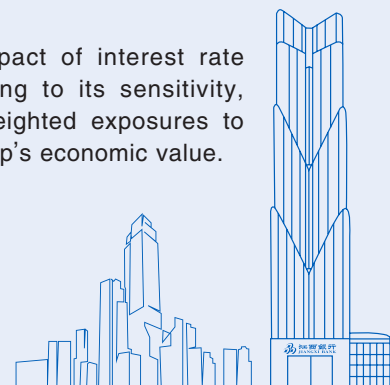
Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorizing each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

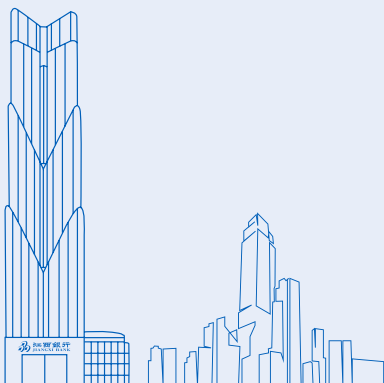
Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimize potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business' investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios' fair value given a 100 basis points (1%) movement in the interest rates.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

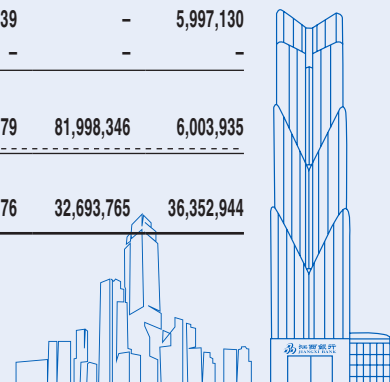
42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	30 June 2021					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	36,983,988	1,037,325	35,946,663	-	-	-
Deposits with banks and other financial institutions	2,365,434	1,482,032	869,409	13,993	-	-
Placements with banks and other financial institutions	2,412,726	13,215	999,839	1,399,672	-	-
Loans and advances to customers (Note (a))	247,503,843	557,370	70,696,216	138,849,119	30,211,549	7,189,589
Financial Investments (Note (b))	173,175,098	2,130,081	26,793,094	24,604,071	84,480,562	35,167,290
Others	10,820,135	10,820,135	-	-	-	-
Total assets	473,261,224	16,040,158	135,305,221	164,866,855	114,692,111	42,356,879
Liabilities						
Borrowing from the central bank	10,874,076	143,290	3,912,260	6,818,526	-	-
Deposits from banks and other financial institutions	23,383,223	143,225	8,634,998	14,555,000	50,000	-
Placements from banks and other financial institutions	4,308,531	8,531	1,600,000	2,700,000	-	-
Borrowing from other financial institutions	6,607,200	75,200	980,000	5,502,000	50,000	-
Financial assets sold under repurchase agreements	8,551,013	1,713	8,549,300	-	-	-
Deposits from customers	334,008,990	3,588,244	176,472,681	72,042,914	81,898,346	6,805
Debt securities issued	42,892,543	223,576	15,957,098	20,714,739	-	5,997,130
Others	5,540,479	5,540,479	-	-	-	-
Total liabilities	436,166,055	9,724,258	216,106,337	122,333,179	81,998,346	6,003,935
Asset-liability gap	37,095,169	6,315,900	(80,801,116)	42,533,676	32,693,765	36,352,944



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

	31 December 2020					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	40,761,643	947,467	39,814,176	-	-	-
Deposits with banks and other financial institutions	2,151,435	821,238	1,300,216	29,981	-	-
Placements with banks and other financial institutions	8,231,929	2,776	8,098,697	130,456	-	-
Financial assets held under resale agreements	3,587,217	797	3,586,420	-	-	-
Loans and advances to customers (Note (a))	217,448,755	599,487	129,011,938	65,857,304	17,376,682	4,603,344
Financial investments (Note (b))	176,093,094	2,022,490	27,053,918	19,856,649	92,009,472	35,150,565
Others	10,418,737	10,418,737	-	-	-	-
Total assets	458,692,810	14,812,992	208,865,365	85,874,390	109,386,154	39,753,909
Liabilities						
Borrowing from the central bank	15,832,497	93,121	7,911,354	7,828,022	-	-
Deposits from banks and other financial institutions	21,416,586	219,704	12,159,882	8,987,000	50,000	-
Placements from banks and other financial institutions	3,204,098	4,098	2,200,000	1,000,000	-	-
Borrowing from other financial institutions	7,295,742	95,742	1,650,000	5,550,000	-	-
Financial assets sold under repurchase agreements	11,172,749	1,249	11,171,500	-	-	-
Deposits from customers	315,770,816	3,666,044	194,933,371	78,437,143	38,701,429	32,829
Debt securities issued	42,439,819	171,402	11,793,801	24,477,765	-	5,996,851
Others	5,618,055	5,618,055	-	-	-	-
Total liabilities	422,750,362	9,869,415	241,819,908	126,279,930	38,751,429	6,029,680
Asset-liability gap	35,942,448	4,943,577	(32,954,543)	(40,405,540)	70,634,725	33,724,229



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

(a) As at 30 June 2021, for loans and advances to customers, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB1,554.88 million (31 December 2020: RMB1,917.94 million).

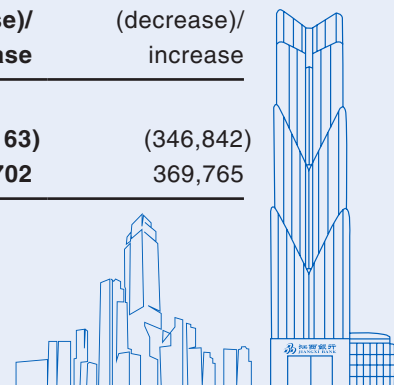
(b) As at 30 June 2021, for financial investments, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB2,276.74 million (31 December 2020: RMB1,739.08 million).

- (ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	30 June 2021 (decrease)/ increase	31 December 2020 (decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(450,080)	(397,486)
Down 100 bps parallel shift in yield curves	453,728	400,615

	30 June 2021 (decrease)/ increase	31 December 2020 (decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(351,163)	(346,842)
Down 100 bps parallel shift in yield curves	374,702	369,765



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

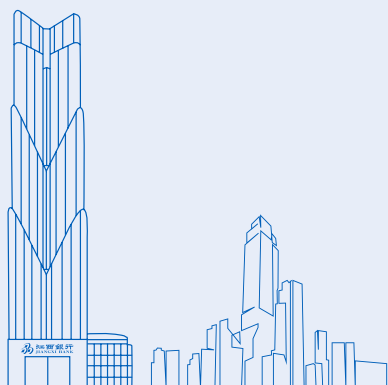
Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

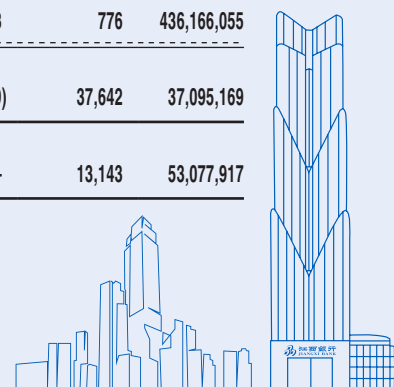
Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions, loans and advances to customers and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures at the end of the reporting period are as follows:

	30 June 2021				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	36,948,961	32,203	2,517	307	36,983,988
Deposits with banks and other financial institutions	825,029	1,483,807	18,487	38,111	2,365,434
Placements with banks and other financial institutions	2,412,726	-	-	-	2,412,726
Loans and advances to customers	247,177,425	326,418	-	-	247,503,843
Financial investments	173,175,098	-	-	-	173,175,098
Others	10,819,856	279	-	-	10,820,135
Total assets	471,359,095	1,842,707	21,004	38,418	473,261,224
Liabilities					
Borrowing from the central bank	10,874,076	-	-	-	10,874,076
Deposits from banks and other financial institutions	23,383,223	-	-	-	23,383,223
Placements from banks and other financial institutions	4,308,531	-	-	-	4,308,531
Borrowing from other financial institutions	6,607,200	-	-	-	6,607,200
Financial assets sold under repurchase agreements	8,551,013	-	-	-	8,551,013
Deposits from customers	333,075,916	908,455	23,863	756	334,008,990
Debt securities issued	42,892,543	-	-	-	42,892,543
Others	5,483,202	57,257	-	20	5,540,479
Total liabilities	435,175,704	965,712	23,863	776	436,166,055
Net position	36,183,391	876,995	(2,859)	37,642	37,095,169
Credit commitments	46,477,055	6,587,719	-	13,143	53,077,917



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

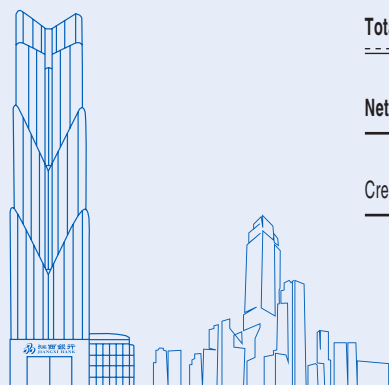
(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

- (i) The Group's currency exposures at the end of the reporting period are as follows:
(Continued)

	31 December 2020				
	RMB	USD	HKD	Others	Total
		(RMB	(RMB	(RMB	(RMB
		equivalent)	equivalent)	equivalent)	equivalent)
Assets					
Cash and deposits with the central bank	40,741,913	17,320	2,088	322	40,761,643
Deposits with banks and other financial institutions	1,240,680	841,033	20,456	49,266	2,151,435
Placements with banks and other financial institutions	8,101,239	130,690	–	–	8,231,929
Financial assets held under resale agreements	3,587,217	–	–	–	3,587,217
Loans and advances to customers	217,207,204	241,551	–	–	217,448,755
Financial investments	176,093,094	–	–	–	176,093,094
Others	10,418,737	–	–	–	10,418,737
Total assets	457,390,084	1,230,594	22,544	49,588	458,692,810
Liabilities					
Borrowing from the central bank	15,832,497	–	–	–	15,832,497
Deposits from banks and other financial institutions	21,415,829	330	253	174	21,416,586
Placements from banks and other financial institutions	3,204,098	–	–	–	3,204,098
Borrowing from other financial institutions	7,295,742	–	–	–	7,295,742
Financial assets sold under repurchase agreements	11,172,749	–	–	–	11,172,749
Deposits from customers	315,431,750	314,214	23,995	857	315,770,816
Debt securities issued	42,439,819	–	–	–	42,439,819
Others	5,581,991	36,044	–	20	5,618,055
Total liabilities	422,374,475	350,588	24,248	1,051	422,750,362
Net position	35,015,609	880,006	(1,704)	48,537	35,942,448
Credit commitments	43,947,074	4,004,414	–	9,493	47,960,981



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

(ii) Exchange rate sensitivity analysis

	30 June 2021 (decrease)/ increase	31 December 2020 (decrease)/ increase
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(6,838)	(6,951)
Foreign exchange rates increases by 100 bps	6,838	6,951

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognized as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously, and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximization and cost minimization to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity and effectiveness of the Bank's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department, and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

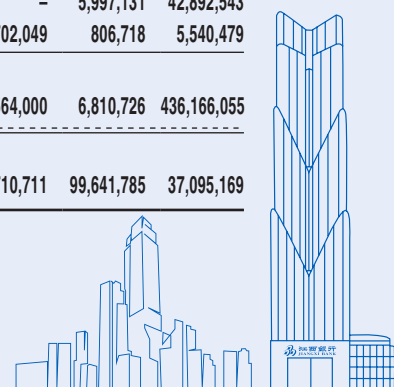
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	30 June 2021							
	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	33,105,452	3,878,536	-	-	-	-	-	36,983,988
Deposits with banks and other financial institutions	-	2,351,434	-	-	14,000	-	-	2,365,434
Placements with banks and other financial institutions	-	-	201,069	804,277	1,407,380	-	-	2,412,726
Loans and advances to customers	2,081,859	3,931,044	7,598,938	22,689,959	82,116,248	58,340,557	70,745,238	247,503,843
Financial investments	3,319,998	19,839,294	2,762,537	3,169,706	24,521,251	84,389,086	35,173,226	173,175,098
Others	8,564,990	846,459	142,497	35,073	152,001	545,068	534,047	10,820,135
Total assets	47,072,299	30,846,767	10,705,041	26,699,015	108,210,880	143,274,711	106,452,511	473,261,224
Liabilities								
Borrowing from the central bank	-	-	500,000	3,412,260	6,961,816	-	-	10,874,076
Deposits from banks and other financial institutions	-	1,748,241	1,978,398	4,973,965	14,631,469	51,150	-	23,383,223
Placements from banks and other financial institutions	-	-	901,786	500,992	2,905,753	-	-	4,308,531
Borrowing from other financial institutions	-	-	414,060	582,642	5,560,440	50,058	-	6,607,200
Financial assets sold under repurchase agreements	-	-	8,551,013	-	-	-	-	8,551,013
Deposits from customers	-	144,879,683	13,224,283	20,335,872	72,801,532	82,760,743	6,877	334,008,990
Debt securities issued	-	-	6,912,768	9,054,898	20,927,746	-	5,997,131	42,892,543
Others	334,277	514,727	628,474	796,378	757,856	1,702,049	806,718	5,540,479
Total liabilities	334,277	147,142,651	33,110,782	39,657,007	124,546,612	84,564,000	6,810,726	436,166,055
Long/(short) position	46,738,022	(116,295,884)	(22,405,741)	(12,957,992)	(16,335,732)	58,710,711	99,641,785	37,095,169



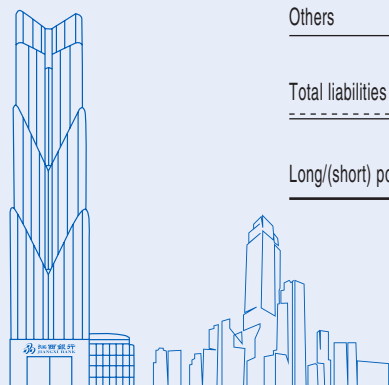
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

				31 December 2020					
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total	
	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month						
Assets									
Cash and deposits with the central bank	31,774,821	8,986,822	–	–	–	–	–	40,761,643	
Deposits with banks and other financial institutions	–	2,121,441	–	–	29,994	–	–	2,151,435	
Placements with banks and other financial institutions	–	–	8,101,239	–	130,690	–	–	8,231,929	
Financial assets held under resale agreements	–	–	3,587,217	–	–	–	–	3,587,217	
Loans and advances to customers	2,376,973	3,719,998	8,435,319	21,040,932	68,051,235	48,804,548	65,019,750	217,448,755	
Financial investments	6,495,520	21,316,870	1,401,772	3,540,150	20,083,808	88,109,587	35,145,387	176,093,094	
Others	8,253,416	828,389	42,125	27,069	186,266	525,649	555,823	10,418,737	
Total assets	48,900,730	36,973,520	21,567,672	24,608,151	88,481,993	137,439,784	100,720,960	458,692,810	
Liabilities									
Borrowing from the central bank	–	–	1,550,960	6,360,394	7,921,143	–	–	15,832,497	
Deposits from banks and other financial institutions	–	2,555,871	3,050,418	6,736,816	9,022,923	50,558	–	21,416,586	
Placements from banks and other financial institutions	–	–	200,256	1,301,665	1,702,177	–	–	3,204,098	
Borrowing from other financial institutions	–	–	957,411	738,768	5,599,563	–	–	7,295,742	
Financial assets sold under repurchase agreements	–	–	11,172,749	–	–	–	–	11,172,749	
Deposits from customers	–	152,604,081	16,913,609	27,726,126	79,344,611	39,149,179	33,210	315,770,816	
Debt securities issued	–	–	3,044,187	8,750,731	24,648,050	–	5,996,851	42,439,819	
Others	1,450,567	136,246	845,562	1,015,759	447,951	953,586	768,384	5,618,055	
Total liabilities	1,450,567	155,296,198	37,735,152	52,630,259	128,686,418	40,153,323	6,798,445	422,750,362	
Long/(short) position	47,450,163	(118,322,678)	(16,167,480)	(28,022,108)	(40,204,425)	97,286,461	93,922,515	35,942,448	



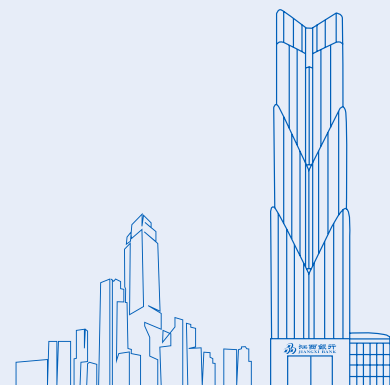
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans as well as those overdue more than one month. Loans and advances to customers with no credit-impairment but overdue within one month are classified into the category of “Repayable on demand”.
- (c) Financial investments comprise financial investments at amortized cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of “Indefinite”.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

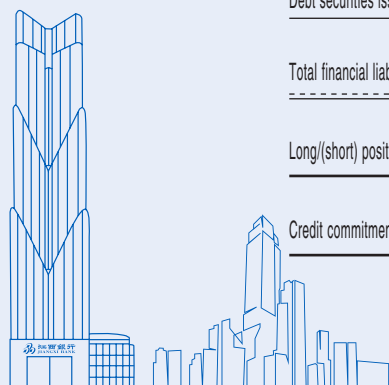
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flow and credit commitments at the end of the reporting period:

30 June 2021									
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	36,983,988	36,983,988	33,105,452	3,878,536	-	-	-	-	-
Deposits with banks and other financial institutions	2,365,434	2,365,992	-	2,351,434	-	-	14,558	-	-
Placements with banks and other financial institutions	2,412,726	2,467,185	-	-	201,085	807,626	1,458,474	-	-
Loans and advances to customers	247,503,843	297,550,523	2,144,833	3,931,044	7,601,784	22,789,604	84,441,893	67,941,230	108,700,135
Financial investments	173,175,098	197,865,704	3,526,073	19,839,294	2,784,734	3,583,646	29,362,375	98,210,032	40,559,550
Others	2,702,088	2,702,088	1,727,775	846,217	128,096	-	-	-	-
Total financial assets	465,143,177	539,935,480	40,504,133	30,846,525	10,715,699	27,180,876	115,277,300	166,151,262	149,259,685
Financial liabilities									
Borrowing from the central bank	10,874,076	10,990,272	-	-	500,615	3,424,065	7,065,592	-	-
Deposits from banks and other financial institutions	23,383,223	23,716,367	-	1,748,241	1,982,022	5,006,332	14,924,444	55,328	-
Placements from banks and other financial institutions	4,308,531	4,542,620	-	-	909,422	504,134	3,129,064	-	-
Borrowing from other financial institutions	6,607,200	6,814,444	-	-	414,964	598,119	5,746,216	55,145	-
Financial assets sold under repurchase agreements	8,551,013	8,553,206	-	-	8,553,206	-	-	-	-
Deposits from customers	334,008,990	341,081,530	-	144,879,683	13,585,513	20,991,913	74,924,211	86,692,517	7,693
Debt securities issued	42,892,543	43,895,400	-	-	6,965,500	9,142,200	21,187,700	-	6,600,000
Total financial liabilities	430,625,576	439,593,839	-	146,627,924	32,911,242	39,666,763	126,977,227	86,802,990	6,607,693
Long/(short) position	34,517,601	100,341,641	40,504,133	(115,781,399)	(22,195,543)	(12,485,887)	(11,699,927)	79,348,272	142,651,992
Credit commitments	53,077,917	53,077,917	-	12,253,559	3,986,753	9,818,301	18,338,886	8,101,075	579,343



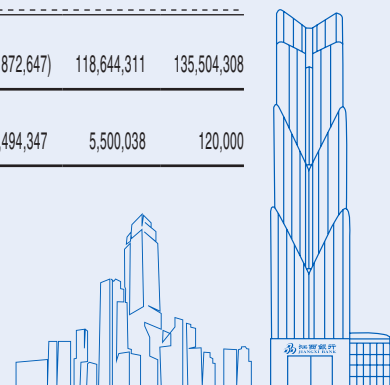
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	31 December 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	40,761,643	40,761,643	31,774,821	8,986,822	-	-	-	-	-
Deposits with banks and other financial institutions	2,151,435	2,152,622	-	2,121,441	-	-	31,181	-	-
Placements with banks and other financial institutions	8,231,929	8,236,941	-	-	8,105,464	-	131,477	-	-
Financial assets held under resale agreements	3,587,217	3,589,471	-	-	3,589,471	-	-	-	-
Loans and advances to customers	217,448,755	264,224,705	2,433,560	3,719,998	8,438,881	21,183,177	69,824,418	57,437,169	101,187,502
Financial investments	176,093,094	203,502,505	7,371,545	21,316,870	1,425,346	3,916,611	26,416,648	102,101,894	40,953,591
Others	2,525,946	2,525,946	1,679,469	827,579	18,898	-	-	-	-
Total financial assets	450,800,019	524,993,833	43,259,395	36,972,710	21,578,060	25,099,788	96,403,724	159,539,063	142,141,093
Financial liabilities									
Borrowing from the central bank	15,832,497	16,009,496	-	-	1,645,920	6,380,986	7,982,590	-	-
Deposits from banks and other financial institutions	21,416,586	21,630,849	-	2,555,871	3,068,843	6,770,096	9,180,711	55,328	-
Placements from banks and other financial institutions	3,204,098	3,227,166	-	-	201,734	1,311,668	1,713,764	-	-
Borrowing from other financial institutions	7,295,742	7,447,133	-	-	957,974	744,393	5,744,766	-	-
Financial assets sold under repurchase agreements	11,172,749	11,176,001	-	-	11,176,001	-	-	-	-
Deposits from customers	315,770,816	319,492,524	-	152,604,081	17,191,451	28,201,643	80,619,140	40,839,424	36,785
Debt securities issued	42,439,819	43,475,400	-	-	3,050,000	8,790,000	25,035,400	-	6,600,000
Total financial liabilities	417,132,307	422,458,569	-	155,159,952	37,291,923	52,198,786	130,276,371	40,894,752	6,636,785
Long/(short) position	33,667,712	102,535,264	43,259,395	(118,187,242)	(15,713,863)	(27,098,998)	(33,872,647)	118,644,311	135,504,308
Credit commitments	47,960,981	47,960,981	-	13,658,439	2,527,249	10,660,908	15,494,347	5,500,038	120,000



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

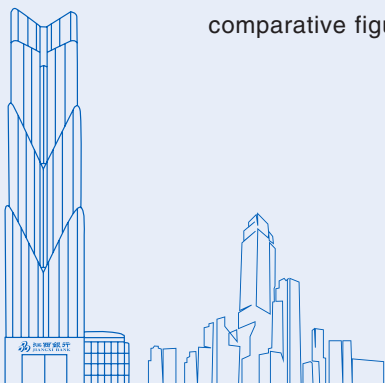
- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

43 SUBSEQUENT EVENTS

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

44 COMPARATIVE FIGURES

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

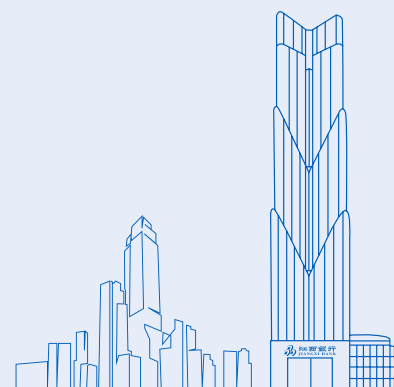
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 30 June 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
Amendments to IFRS 3, Business Combinations “Reference to the conceptual framework”	1 January 2022
Amendments to IAS 16, Property, Plant and Equipment “Property, plant and equipment: proceeds before intended Use”	1 January 2022
Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets “Onerous contracts – cost of fulfilling a contract”	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture	To be determined

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



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

The information set out below does not form part of the consolidated financial report and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	30 June 2021	Average for the six months ended 30 June 2021
Liquidity coverage ratio (RMB and foreign currency)	315.02%	340.43%

	31 December 2020	Average for the year ended 31 December 2020
Liquidity coverage ratio (RMB and foreign currency)	429.88%	287.88%

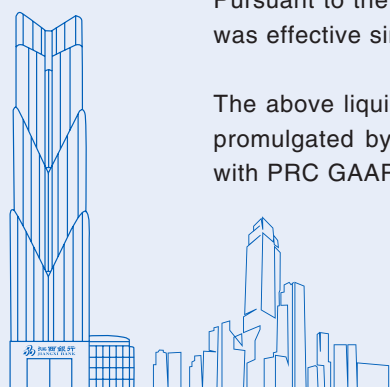
Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	30 June 2021	31 December 2020
Leverage Ratio	7.03%	7.16%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

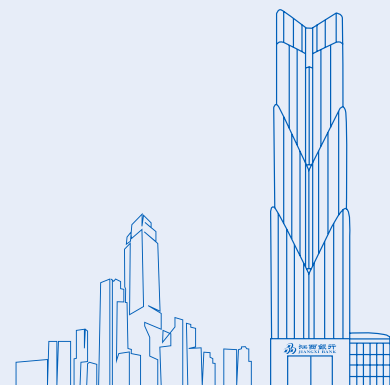
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 CURRENCY CONCENTRATIONS

	30 June 2021			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,849,870	21,016	38,443	1,909,329
Spot liabilities	(972,875)	(23,875)	(801)	(997,551)
Net position	876,995	(2,859)	37,642	911,778

	31 December 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,233,411	22,544	49,588	1,305,543
Spot liabilities	(353,405)	(24,248)	(1,051)	(378,704)
Net position	880,006	(1,704)	48,537	926,839

The Group has no structural position at the end of the reporting period.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 INTERNATIONAL CLAIMS

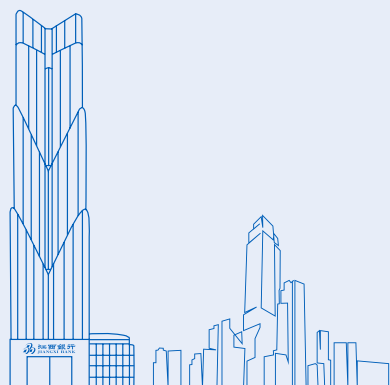
The Group is principally engaged in business operations within Mainland China and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

30 June 2021			
	Banks and other financial institutions	Public sector entities	Others
			Total
All regions outside Mainland China	—	—	—

31 December 2020			
	Banks and other financial institutions	Public sector entities	Others
			Total
All regions outside Mainland China	—	—	—

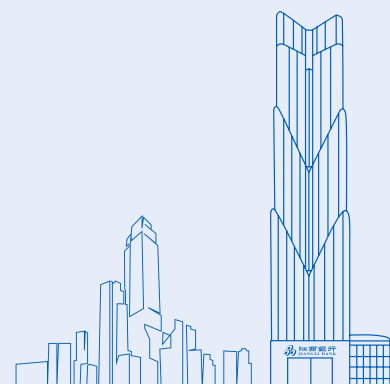


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

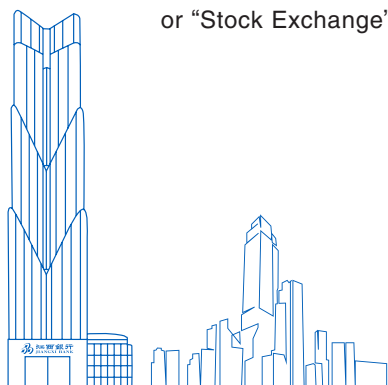
	30 June 2021	31 December 2020
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between 3 and 6 months (inclusive)	451,802	540,041
– Between 6 months and 1 year (inclusive)	1,719,802	980,898
– Over 1 year	1,515,915	1,232,143
Total	3,687,519	2,753,082
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.18%	0.24%
– Between 6 months and 1 year (inclusive)	0.67%	0.44%
– Over 1 year	0.60%	0.55%
Total	1.45%	1.23%



DEFINITIONS

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

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC Jiangxi Office”	China Banking Regulatory Commission Jiangxi Office
“CBIRC Jiangxi Office”	China Banking and Insurance Regulatory Commission Jiangxi Office
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s), with a nominal value of RMB1.00 each in the Bank’s share capital, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited



DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the Bank’s share capital, which are listed on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC” or “Central Bank”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the six months from January 1, 2021 to June 30, 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

