



JIANGXI BANK CO., LTD.

(A Joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 1916

Interim Report 2019

江西銀行
JIANGXI BANK



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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 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, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong
Contact number:	+86-791-86791008/+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 (SGP)
International auditor:	KPMG Certified Public Accountants
Legal advisor in mainland China:	Zhong Lun Law Firm
Legal advisor in Hong Kong:	King & Wood Mallesons
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
Compliance advisor:	SPDB International Capital 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 2019

In January 2019, the Bank was awarded the honorary title of “Top 300 in Inter-bank Domestic Currency Market Transaction of 2018” by China Foreign Exchange Trade System & National Interbank Funding Centre.

In January 2019, the Bank was granted the “Top 100 for Clearing: Excellent Proprietary Institution Award” by China Central Depository & Clearing Co., Ltd..

In January 2019, the Bank was granted the “2018 HCE Advertising Outstanding Contribution Award” by China UnionPay.

In January 2019, the security team of the Bank was awarded the honorary title of “2018 Advanced Security Team Directly Subordinate to the Province” by Security Corps of Jiangxi Public Security Department (江西省公安廳治安警察總隊).

In February 2019, the Bank was awarded the honorary title of “Excellent City Commercial Bank for China Banking Wealth Management Information Registration of 2018” by China Banking Wealth Management Registration & Depository Co., Ltd. (銀行業理財登記託管中心).

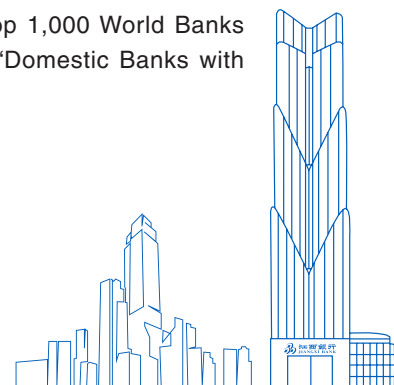
In February 2019, the Bank was granted the awards of “Core Trader in Inter-bank Domestic Currency Market of 2018”, “Outstanding Currency Market Trader in Inter-bank Domestic Currency Market of 2018” and “Award of Trading Mechanism Innovation in Inter-bank Domestic Currency Market of 2018” by China Foreign Exchange Trade System & National Interbank Funding Centre.

In April 2019, the Bank was awarded as a Grade A financial institution in Jiangxi Province in the assessment for protection of financial consumers’ interest by the Nanchang Central Sub-branch of the People’s Bank of China.

In May 2019, Jiangxi Talent Serving Bank of the Bank was granted the award of “Top 10 Private Enterprises for Financial Service Innovation” by The Chinese Banker magazine, IFB of Chinese Academy of Social Sciences and Central University of Finance and Economics.

In June 2019, the Bank was awarded the honorary title of “Advanced Unit for Comprehensive Management (Safety Construction) in the Province in 2018” by Political and Legal Commission of CPC Jiangxi Provincial Committee (中共江西省委政法委員會).

In July 2019, the Bank ranked 258th in terms of total tier-one capital in the top 1,000 World Banks ranking released by the British magazine *The Banker*, and 9th on the list of “Domestic Banks with Fastest Growth Among Top 1,000 Banks in the World for 2019”.

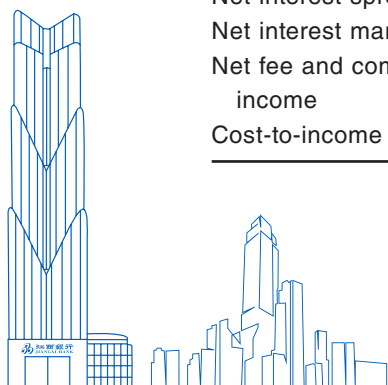


CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

2.1 FINANCIAL DATA

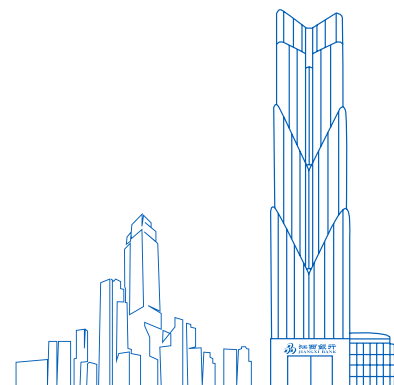
Financial information set out in this interim report has been prepared on a combined basis in accordance with International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	For the six months ended June 30,		2019 compared to 2018
	2019	2018	
(in millions of RMB, unless otherwise stated)			
Operating results			Change rate (%)
Net interest income	5,209.46	4,131.07	26.10
Net fee and commission income	304.29	402.80	(24.46)
Operating income	6,386.57	5,336.96	19.67
Operating expenses	(1,530.84)	(1,503.29)	1.83
Impairment losses on assets	(2,559.07)	(1,825.21)	40.21
Profit before taxation	2,296.76	2,010.84	14.22
Profit for the period	1,670.33	1,592.80	4.87
Profit attributable to equity shareholders of the Bank	1,642.47	1,574.95	4.29
Per share (in RMB)			Change rate (%)
Net assets per share attributable to equity shareholders of the Bank	5.64	5.11	10.37
Basic earnings per share	0.27	0.33	(18.18)
Indicators for profitability (%)			Change
Average return on total assets ⁽¹⁾	0.77%	0.82%	(0.05%)
Average return on equity ⁽²⁾	9.92%	11.98%	(2.06%)
Net interest spread ⁽³⁾	2.68%	2.01%	0.67%
Net interest margin ⁽⁴⁾	2.67%	2.16%	0.51%
Net fee and commission income to operating income	4.76%	7.55%	(2.79%)
Cost-to-income ratio ⁽⁵⁾	23.03%	27.77%	(4.74%)



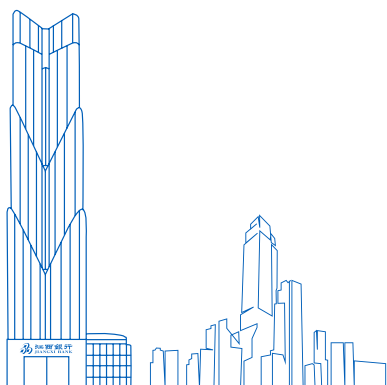
CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	As at June 30, 2019	As at December 31, 2018	The first half of 2019 compared to the end of 2018
(in millions of RMB, unless otherwise stated)			
Indicators for volume			Change rate (%)
Total assets	446,727.72	419,064.27	6.60
Including: net loans and advances to customers	194,726.03	165,523.32	17.64
Total liabilities	412,154.96	386,252.94	6.71
Including: deposits from customers	280,327.66	260,448.65	7.63
Share capital	6,024.28	6,024.28	-
Equity attributable to equity shareholders of the Bank	33,972.03	32,226.22	5.42
Non-controlling interests	600.73	585.11	2.67
Total equity	34,572.76	32,811.33	5.37
Indicators for quality of assets (%)			Change
Non-performing loan ratio	1.95%	1.91%	0.04%
Provision coverage ratio ⁽⁶⁾	162.47%	171.42%	(8.95%)
Provision ratio of loans ⁽⁷⁾	3.16%	3.27%	(0.11%)
Indicators for capital adequacy ratio (%)			Change
Core tier-one capital adequacy ratio	10.38%	10.78%	(0.40%)
Tier-one capital adequacy ratio	10.39%	10.79%	(0.40%)
Capital adequacy ratio	12.99%	13.60%	(0.61%)
Total equity to total assets	7.74%	7.83%	(0.09%)
Other indicators (%)			Change
Liquidity coverage ratio	179.59%	206.46%	(26.87%)
Liquidity ratio	55.19%	57.93%	(2.74%)
Loan-to-deposit ratio	71.46%	65.46%	6.00%



CHAPTER II SUMMARY OF ACCOUNTING DATA 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 equity 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.



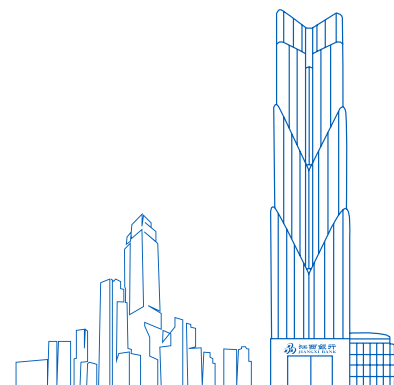
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

In the first half of 2019, in the face of complex internal and external economic situations, China's economy has achieved generally stable growth while making further progress. The gains made in the "five priority tasks" have been consolidated, the three critical battles have been continuously advanced, and the economic structure has been further optimized, which has achieved high-quality development. The main macroeconomic indicators were maintained within a reasonable range: in the first half of the year, the GDP was RMB45,093.3 billion, representing a year-on-year increase of 6.3%; the value added of national industrial enterprises above designated size increased by 6.0% year-on-year; the national investment in fixed assets (excluding farmers) increased by 5.8% year-on-year; the investment in high-tech manufacturing industry increased by 10.4% year-on-year, whose growth rate was 4.6 percentage points higher than the total investment; and the added value of financial industry increased by 7.3% year-on-year, whose growth rate was 0.3 percentage point higher than the tertiary industry. In the first half of 2019, the economic operation of Jiangxi Province in China, where the Bank's main business activities are located, continued to develop steadily, showing the characteristics such as the steady development of the agricultural economy, the continuous accumulation of new industrial growth drivers, the continuous improvement in the investment structure, the steady growth of the use of foreign capital, the overall good financial operation, and the improvement in quality and efficiency of the protection of people's livelihood. In the first half of the year, the GDP of Jiangxi Province reached RMB1,075.72 billion, representing a year-on-year increase of 8.6%. The growth rate was 2.3 percentage points higher than the national average. It ranked No. 4 across the country and No. 1 in central China, and continued to rank among the "first list" of the country.

3.2 GENERAL OPERATION SUMMARY

In the first half of 2019, the Group earnestly implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles embodied in General Secretary Xi Jinping's speech during his inspection of Jiangxi, focused on various policies and arrangements made by Jiangxi provincial party committee and provincial government, and strictly complied with the regulatory requirements. The Group rose to each challenge and worked hard to maintain good momentum of development in general.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

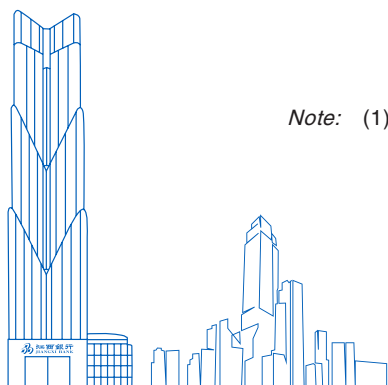
I. The speed of development was further promoted

First, the overall scale enjoyed steady growth. As of the end of June 2019, the total assets of the Group amounted to RMB446.728 billion, representing an increase of 6.60% over the end of the previous year; total deposits from customers amounted to RMB280.328 billion, representing an increase of 7.63% over the end of the previous year; and the total loans and advances to customers⁽¹⁾ amounted to RMB200.322 billion, representing an increase of 17.49% over the end of the previous year. Second, the profitability was continuously enhanced. As of the end of June 2019, the Group's operating income, pre-tax profit and net profit were RMB6.387 billion, RMB2.297 billion and RMB1.670 billion, representing an increase of 19.67%, 14.22% and 4.87% over the same period of last year, respectively. Third, the brand image was significantly improved. In the list of Top 1000 World Banks 2019 issued by The Banks, the Bank ranked No. 258, climbing 55 places from the ranking last year and 195 places from the ranking upon its incorporation. In addition, the Bank ranked No. 9 among the fastest growing domestic banks in the list of Top 1000 World Banks 2019.

II. The service initiatives were further optimized

First, the Bank facilitated the bond issuance of companies in Jiangxi. As one of the first batch of B-Class lead underwriters for non-financial corporate debt financing instruments among the province's legal person banks, the Bank facilitated the issuance of medium term notes of RMB2.5 billion and the issuance of super & short-term commercial paper of RMB1 billion for the province's enterprises, which were the "first two orders" for the province's legal person bank's issuance of bonds for enterprises. Second, the Bank assisted private small and micro enterprises. The Bank improved the system and mechanism related to small and micro enterprises and introduced "Micro Enterprise Loan" (微企貸) and "Handheld Micro Loan" (掌上微貸) products to meet the funding needs of small and micro enterprises. Third, the Bank promoted reforms to delegate power, improve regulation, and upgrade services. The Bank signed a contract with Jiangxi government service "Gan Fu Tong" (贛服通) to provide more convenient, efficient and comfortable financial services to enterprises and people in our province.

Note: (1) Total loans and advances to customers doesn't contain accrued interest, same as followings.



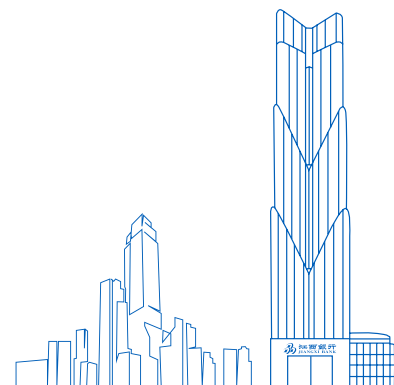
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

III. The pace of transformation was further accelerated

First, the operating system was constantly improved. The Bank promoted the networked and intelligent operation management, used big data to reshape business processes, and initiated intelligent transformation of outlets. The Bank completed the moving back of credit card customer service, optimized the process of credit card customer service, and built an intelligent customer service system. Second, the product system was continuously enriched. The Bank joined Tencent to create online smart credit products, which realized knowledge transfer of the operation and promotion of products and the risk control capabilities for credit products. The Bank actively developed the online supply chain finance product, “Cloud Enterprise Chain” (雲企鏈), and realized the circulation of receivables and online financing and monetization by using blockchain technology. Third, the sales system was continuously optimized. Based on big data and cloud computing, the Bank continued to strengthen the collection and management of customer information, create marketing products such as smart SMS, provide scene-based marketing services, realize data sharing between online and offline, human and machine, and achieve customization in customer acquisition, identification, marketing and interaction.

IV. The management foundation was further strengthened

First, the Bank continued to improve corporate governance. The Bank further revised and improved the corporate governance related system, and formed a relatively sound and complete corporate governance system, which provided the necessary institutional guarantee for the standard performance of “Three Boards and One Layer”. Second, the Bank focused on strengthening risk management and control. The Bank advanced the construction of a comprehensive risk management system, and formed a risk control line fully covered in every tiny aspect. The Bank accelerated the construction of the second phase of the Cloud Mirror system, enhanced the risk identification and control capabilities, and turned “human control” into “technical control + numerical control”. Third, the Bank strictly regulated financial management. The Bank firmly established the concept of cost-effectiveness, steadfastly took the road of intensive development, and further strengthened cost control, to reduce expenditure and increase efficiency.

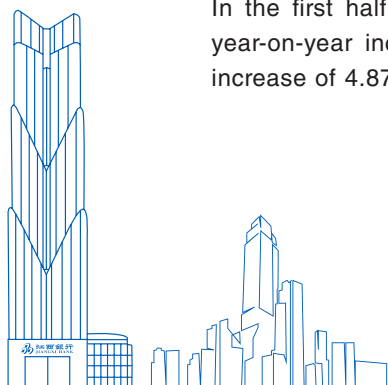


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3 PROFIT STATEMENT ANALYSIS

	For the six months ended June 30,		Amount of change	Change rate (%)
	2019	2018		
	(in millions of RMB, unless otherwise stated)			
Interest income	9,935.36	8,755.13	1,180.23	13.48
Interest expense	(4,725.90)	(4,624.06)	(101.84)	2.20
Net interest income	5,209.46	4,131.07	1,078.39	26.10
Fee and commission income	594.59	578.04	16.55	2.86
Fee and commission expense	(290.30)	(175.24)	(115.06)	65.66
Net fee and commission income	304.29	402.80	(98.51)	(24.46)
Net trading gains	79.56	1.84	77.72	4,223.91
Net gains arising from financial investments	754.97	736.04	18.93	2.57
Other operating income	38.29	65.21	(26.92)	(41.28)
Operating income	6,386.57	5,336.96	1,049.61	19.67
Operating expenses	(1,530.84)	(1,503.29)	(27.55)	1.83
Impairment losses on assets	(2,559.07)	(1,825.21)	(733.86)	40.21
Operating profit	2,296.66	2,008.46	288.20	14.35
Share of profits of associates	0.10	2.38	(2.28)	(95.80)
Profit before taxation	2,296.76	2,010.84	285.92	14.22
Income tax expense	(626.43)	(418.04)	(208.39)	49.85
Profit for the period	1,670.33	1,592.80	77.53	4.87
Profit attributable to equity shareholders of the Bank	1,642.47	1,574.95	67.52	4.29
Non-controlling interests	27.86	17.85	10.01	56.08

In the first half of 2019, the Group realized RMB2.297 billion in profit before tax, representing a year-on-year increase of 14.22%, and RMB1.670 billion in net profit, representing a year-on-year increase of 4.87%.

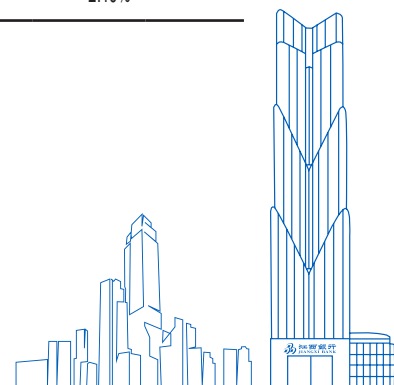


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2019, the Group achieved net interest income of RMB5.209 billion, representing a year-on-year increase of RMB1.078 billion, or 26.10%. 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,					
	2019	Average annualized		2018	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	184,728.90	5,652.34	6.12%	137,637.51	4,096.31	5.95%
Financial investments	152,455.01	3,790.08	4.97%	189,233.05	4,113.85	4.35%
Deposits with the central bank	28,710.06	221.05	1.54%	36,687.65	274.30	1.50%
Deposits with banks and other financial institutions	2,379.33	19.93	1.68%	2,956.18	35.52	2.40%
Financial assets held under resale agreements	17,784.41	198.32	2.23%	13,111.30	195.18	2.98%
Placements with banks and other financial institutions	4,687.55	53.64	2.29%	2,062.54	39.97	3.88%
Total interest-bearing assets	390,745.26	9,935.36	5.09%	381,688.23	8,755.13	4.59%
Interest-bearing liabilities						
Deposits from customers	257,531.59	2,410.35	1.87%	241,433.68	2,001.76	1.66%
Deposits from banks and other financial institutions	38,954.32	647.77	3.33%	37,966.04	904.83	4.77%
Borrowings from the central bank	2,166.30	32.97	3.04%	375.69	7.27	3.87%
Placements from banks and other financial institutions	5,727.68	96.54	3.37%	3,456.34	73.48	4.25%
Financial assets sold under repurchase agreements	17,501.63	184.51	2.11%	14,383.98	191.90	2.67%
Debt securities issued	58,378.30	1,078.09	3.69%	52,245.78	1,212.09	4.64%
Borrowings from other financial institutions	11,258.45	264.83	4.70%	8,413.05	231.61	5.51%
Bill rediscounted	771.22	10.84	2.81%	88.41	1.12	2.53%
Total interest-bearing liabilities	392,289.49	4,725.90	2.41%	358,362.96	4,624.06	2.58%
Net interest income		5,209.46			4,131.07	
Net interest spread		2.68%			2.01%	
Net interest margin		2.67%			2.16%	



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

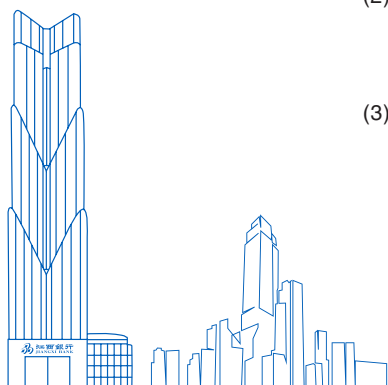
The following table sets forth the changes in interest income and interest expense resulting from the changes in the Group's volume and interest rates during the reporting period indicated. Changes in volume are measured by the change in average balance of interest-bearing assets and interest-bearing 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 rates.

	For the six months ended June 30, Compared 2019 with 2018		
	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	1,440.90	115.13	1,556.03
Financial investments	(914.31)	590.54	(323.77)
Deposits with the central bank	(61.42)	8.17	(53.25)
Deposits with banks and other financial institutions	(4.83)	(10.76)	(15.59)
Financial assets held under resale agreements	52.11	(48.97)	3.14
Placements with banks and other financial institutions	30.04	(16.37)	13.67
Changes in interest income	542.49	637.74	1,180.23
Interest-bearing liabilities			
Deposits from customers	150.67	257.92	408.59
Deposits from banks and other financial institutions	16.43	(273.49)	(257.06)
Borrowings from the central bank	27.25	(1.55)	25.70
Placements from banks and other financial institutions	38.28	(15.22)	23.06
Financial assets sold under repurchase agreements	32.87	(40.26)	(7.39)
Debt securities issued	113.25	(247.25)	(134.00)
Borrowings from other financial institutions	66.93	(33.71)	33.22
Bill rediscounted	9.60	0.12	9.72
Changes in interest expense	455.28	(353.44)	101.84

Notes: (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 Reporting Period

(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 same period of the previous year

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3.2 Interest Income

In the first half of 2019, the Group achieved interest income of RMB9.935 billion, representing a year-on-year increase of RMB1.180 billion, or 13.48%. The increase in interest income was mainly due to the increase in the average balance of the Group's loans and advances to customers, resulting in an increase of 2.37% in the average balance of the Group's interest-bearing assets from RMB381.688 billion for the six months ended June 30, 2018 to RMB390.745 billion for the six months ended June 30, 2019 and an increase of the average yield ratio of interest-bearing assets from 4.59% in the first half of 2018 to 5.09% in the first half of 2019. The increase in the average yield ratio of interest-bearing assets was mainly due to the increase in the average yield ratios of financial investments and loans and advances to customers in the first half of 2019.

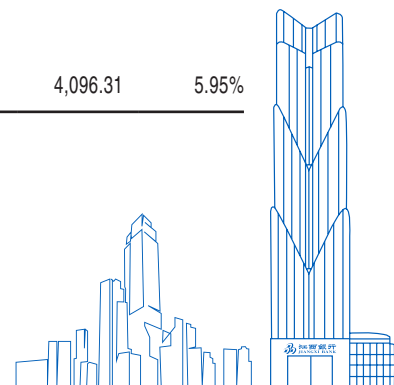
(1) Interest income from loans and advances to customers

In the first half of 2019, the Group achieved interest income of loans and advances to customers of RMB5.652 billion, representing a year-on-year increase of RMB1.556 billion, or 37.99%. The main reason was that the average balance of the Group's total loans and advances to customers increased from RMB137.638 billion in the first half of 2018 to RMB184.729 billion in the first half of 2019, and the average yield ratio increased from 5.95% in the first half of 2018 to 6.12% in the first half of 2019. The increase in the average balance of total loans and advances to customers was mainly due to the expansion of the Group's business, particularly retail banking. The increase in the average yield on total loans and advances to customers was mainly attributable to an adjustment in the Group's pricing of customer loans resulting from the rise in market interest rates.

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

	For the six months ended June 30,					
	Average balance	2019 Interest income	Average yield	Average balance	2018 Interest income	Average yield
Corporate loans ⁽¹⁾	112,165.85	3,218.81	5.74%	89,208.97	2,561.27	5.74%
Personal loans	72,563.05	2,433.53	6.71%	48,428.54	1,535.04	6.34%
Total loans and advances to customers	184,728.90	5,652.34	6.12%	137,637.51	4,096.31	5.95%

Note: (1) Includes bills discounting business.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

(2) Interest income from financial investments

In the first half of 2019, the Group's interest income from financial investments amounted to RMB3.790 billion, representing a year-on-year decrease of RMB324 million, or 7.87%. The average balance of financial investments declined slightly as compared with the same period of last year. The decrease in interest income was mainly due to a decrease of 0.62 percentage point in the average yield ratio of financial investments in the first half of 2019 over the same period of last year.

(3) Interest income from deposits with the central bank

In the first half of 2019, the Group's interest income from deposits with the central bank was RMB221 million, representing a year-on-year decrease of RMB53 million, or 19.41%, which was mainly due to the decrease of RMB7.978 billion in the average balance of deposits with the central bank in the first half of 2019 over the same period of the previous year.

(4) Interest income from deposits with banks and other financial institutions

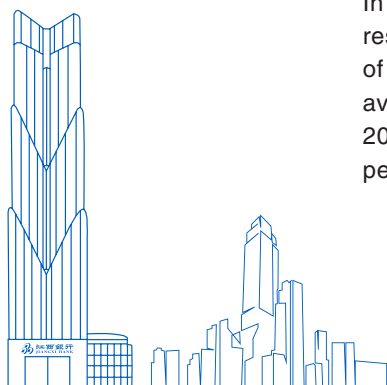
In the first half of 2019, the Group's interest income of deposits with banks and other financial institutions was RMB20 million, representing a year-on-year decrease of RMB16 million, or 43.89%. It was mainly due to the decrease of RMB577 million in average balance of deposits with banks and other financial institutions in the first half of 2019, and the decrease of 0.72 percentage point in the average yield ratio 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 2019, the Group's interest income from placements with banks and other financial institutions was RMB54 million, representing a year-on-year increase of RMB14 million, or 34.20%. It was primarily due to an increase of RMB2.625 billion in the average balance of the placements with banks and other financial institutions in the first half of 2019 as compared with the same period of last year, partly offset by the decrease of 1.59 percentage points in the average yield ratio as compared with the same period of last year.

(6) Interest income from financial assets held under resale agreements

In the first half of 2019, the Group's interest income from financial assets held under resale agreements amounted to RMB198 million, representing a year-on-year increase of RMB3 million, or 1.61%. It was primarily due to an increase of RMB4.673 billion in the average balance of the financial assets held under resale agreements in the first half of 2019 as compared with the same period of last year, partly offset by the decrease of 0.75 percentage point in the average yield ratio as compared with the same period of last year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

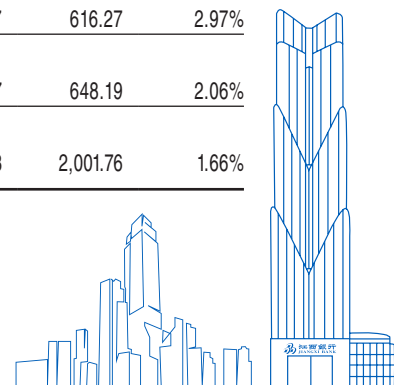
3.3.3 Interest Expense

In the first half of 2019, the Group achieved interest expense of RMB4.726 billion, representing a year-on-year increase of RMB102 million, or 2.20%. The increase in the interest expense was primarily attributable to an increase in the average balance of the Group's interest-bearing liabilities from RMB358.363 billion for the six months ended June 30, 2018 to RMB392.289 billion for the six months ended June 30, 2019, up 9.47%, as a result of the increase in the average balance of the Group's deposits from customers. The decrease in the average cost ratio of interest-bearing liabilities was primarily due to the decrease in the average cost ratio of deposits from banks and other financial institutions, borrowings from the central bank, financial assets sold under repurchase agreements, placements from banks and other financial institutions, borrowings from other financial institutions, and debt securities issued in the first half of 2019.

(1) Interest expense on deposits from customers

In the first half of 2019, the Group's interest expense on deposits from customers was RMB2.410 billion, representing a year-on-year increase of RMB409 million, or 20.41%, which was primarily attributable to the increase of RMB16.098 billion in the average balance of deposits from customers in the first half of 2019 compared with the same period of last year. The increase in the average balance of deposits from customers was mainly due to the Group's increased marketing efforts and enriched retail and public banking products.

	For the six months ended June 30,					
	Average balance	2019 Interest expense	Average cost ratio	Average balance	2018 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	110,432.17	584.25	1.06%	108,391.75	462.54	0.85%
Time	75,235.86	936.69	2.49%	70,208.86	891.03	2.54%
Subtotal	185,668.03	1,520.94	1.64%	178,600.61	1,353.57	1.52%
Personal deposits						
Demand	18,864.77	31.03	0.33%	21,267.50	31.92	0.30%
Time	52,998.79	858.38	3.24%	41,565.57	616.27	2.97%
Subtotal	71,863.56	889.41	2.48%	62,833.07	648.19	2.06%
Total deposits from customers	257,531.59	2,410.35	1.87%	241,433.68	2,001.76	1.66%



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(2) Interest expense on deposits from banks and other financial institutions

In the first half of 2019, the Group's interest expense on deposit from banks and other financial institutions was RMB648 million, representing a year-on-year decrease of RMB257 million, or 28.41%. This was mainly due to the decrease of the Group's average cost ratio of deposits from banks and other financial institutions from 4.77% in the first half of 2018 to 3.33% in the first half of 2019. The decrease in the average cost ratio of related liabilities was mainly due to the decrease in market interest rates.

(3) Interest expense on debt securities issued

In the first half of 2019, the Group's interest expense on debt securities issued was RMB1.078 billion, representing a year-on-year decrease of RMB134 million, or 11.06%. It was mainly due to the decrease in the average cost ratio of debt securities issued from 4.64% in the first half of 2018 to 3.69% in the first half of 2019, partly offset by the increase in the average balance of debt securities issued by the Group from RMB52.246 billion in the first half of 2018 to RMB58.378 billion in the first half of 2019. The decrease of the average cost ratio of related liabilities was mainly affected by the drop of market capital prices.

(4) Interest expense on borrowings from the central bank

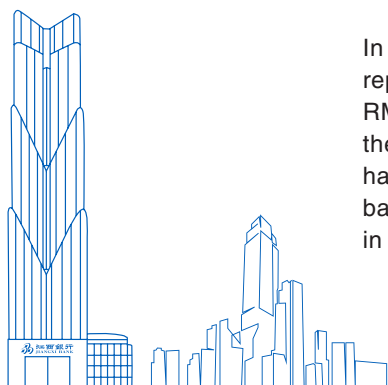
In the first half of 2019, the Group's interest expense on borrowings from the central bank was RMB33 million, representing a year-on-year increase of RMB26 million. It was mainly due to the increase of RMB1.791 billion in the average balance of the Group's borrowings from the central bank in 2019 compared with the same period of last year, partly offset by the decrease in the average cost ratio of borrowings from the central bank from 3.87% in the first half of 2018 to 3.04% in the first half of 2019.

(5) Interest expense on placements from banks and other financial institutions

In the first half of 2019, the Group's interest expense on placements from banks and other financial institutions was RMB97 million, representing a year-on-year increase of RMB23 million, or 31.38%. It was mainly due to the increase of the average balance of the Group's placements from banks and other financial institutions from RMB3.456 billion in the first half of 2018 to RMB5.728 billion in the first half of 2019, partly offset by the decrease in the average cost ratio of placements from banks and other financial institutions from 4.25% in the first half of 2018 to 3.37% in the first half of 2019.

(6) Interest expense on financial assets sold under repurchase agreements

In the first half of 2019, the Group's interest expense on financial assets sold under repurchase agreements was RMB185 million, representing a year-on-year decrease of RMB7 million, or 3.85%. It was mainly due to the decrease in the average cost ratio of the Group's financial assets sold under repurchase agreements from 2.67% in the first half of 2018 to 2.11% in the first half of 2019, partly offset by the increase in the average balance of financial assets sold under repurchase agreements from RMB14.384 billion in the first half of 2018 to RMB17.502 billion in the first half of 2019.



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3.3.4 Non-interest Income

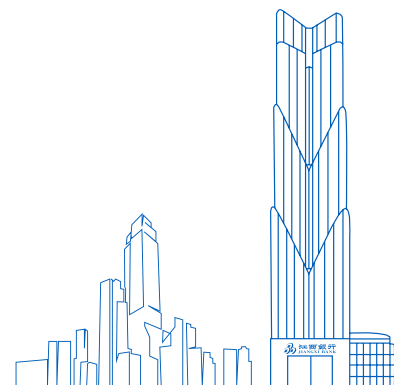
(1) Net fee and commission income

In the first half of 2019, the Group's realized a net fee and commission income of RMB304 million, representing a year-on-year decrease of RMB99 million, or 24.46%, which was primarily due to the significant increase in platform cooperation fees.

	For the six months ended June 30,			
	2019	2018	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Fee and commission income	594.58	578.04	16.54	2.86
Agency and custody service fees	242.06	197.90	44.16	22.31
Financial leasing service fees	148.90	71.61	77.29	107.93
Bank card service fees	104.84	96.06	8.78	9.14
Settlement and electronic channel business fees	56.28	97.60	(41.32)	(42.34)
Acceptance and guarantee service fees	26.17	21.28	4.89	22.98
Advisory and consulting fees	16.23	87.78	(71.55)	(81.51)
Others	0.10	5.81	(5.71)	(98.28)
Fee and commission expense	(290.29)	(175.24)	(115.05)	65.65
Platform cooperation fees	(239.10)	(97.56)	(141.54)	145.08
Settlement and clearing fees	(26.58)	(41.30)	14.72	(35.64)
Transaction fees	(16.99)	(18.15)	1.16	(6.39)
Others	(7.62)	(18.23)	10.61	(58.20)
Net fee and commission income	304.29	402.80	(98.51)	(24.46)

(2) Net trading gains

In the first half of 2019, the Group's net trading gains were RMB80 million, representing a year-on-year increase of RMB78 million, which was mainly due to fluctuations in the price in debt security market.



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(3) Net gains arising from financial investments

In the first half of 2019, the Group's net gains arising from financial investments were RMB755 million, representing a year-on-year increase of RMB19 million, or 2.57%, which was mainly due to the increase in net gains and valuation on financial assets at fair value through profit or loss in the first half of 2019.

(4) Other operating income

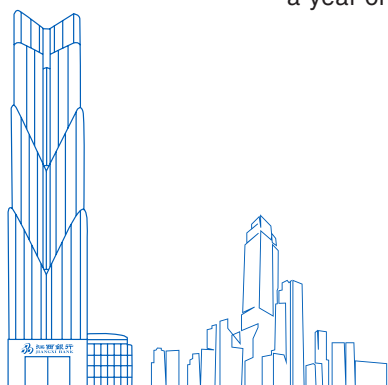
In the first half of 2019, the Group's other operating income was RMB38 million, representing a year-on-year decrease of RMB27 million, or 41.28%, which was mainly due to the decrease of foreign exchange gains as a result of fluctuations in the exchange rate.

3.3.5 Operating Expenses

In the first half of 2019, the Group's operating expenses were RMB1.531 billion, representing a year-on-year increase of RMB28 million, or 1.83%.

	For the six months ended June 30,			
	2019	2018	Amount of change	Change rate (%)
				(in millions of RMB, unless otherwise stated)
Staff costs	762.73	792.36	(29.63)	(3.74)
Interest expense on lease liabilities	26.77	–	26.77	–
Other general and administrative expenses	369.20	415.29	(46.09)	(11.10)
Tax and surcharges	60.11	21.41	38.70	180.76
Depreciation and amortization	260.05	172.98	87.07	50.34
Rental and property management expenses	51.98	101.25	(49.27)	(48.66)
Total operating expenses	1,530.84	1,503.29	27.55	1.83

In the first half of 2019, the Group's tax and surcharges amounted to RMB60 million, representing a year-on-year increase of RMB39 million or 180.76%.



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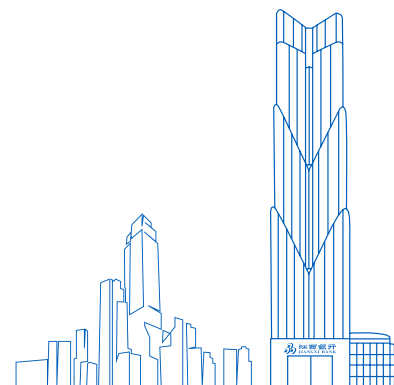
In the first half of 2019, the Group's depreciation and amortization amounted to RMB260 million, representing a year-on-year increase of RMB87 million or 50.34%. This was mainly due to the impact of the application of IFRS 16, *Leases* on the Group's provision for depreciation.

In the first half of 2019, the Group's rental and property management expenses amounted to RMB52 million, representing a year-on-year decrease of RMB49 million or 48.66%. This was mainly due to the impact of the application of IFRS 16, *Leases*.

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

	For the six months ended June 30,			
	2019	2018	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Staff costs				
Salaries, bonuses and allowances	552.58	599.99	(47.41)	(7.90)
Social insurance and supplementary retirement benefits	115.52	100.12	15.40	15.38
Staff welfares	36.80	40.72	(3.92)	(9.63)
Housing allowances	43.22	35.69	7.53	21.10
Employee education expenses and labor union expenses	12.13	12.42	(0.29)	(2.33)
Others	2.48	3.42	(0.94)	(27.49)
Total	762.73	792.36	(29.63)	(3.74)

In the first half of 2019, the Group's staff costs were RMB763 million, representing a year-on-year decrease of RMB30 million, or 3.74%. It was mainly due to the fact that during the Reporting Period, the Group further strengthened the link between employee salaries and annual performance appraisal, and relatively reduced the monthly pay ratio of the performance salary, which resulted in a slight decrease in employee salaries, bonuses and allowances.



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3.3.6 Impairment Losses on Assets

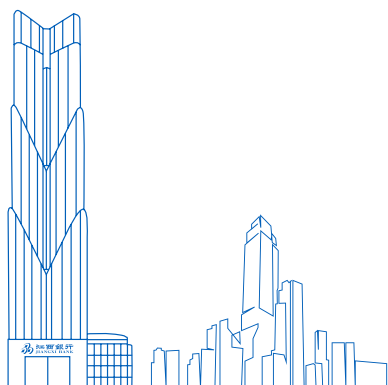
In the first half of 2019, the Group's impairment losses on assets was RMB2,559 million, representing a year-on-year increase of RMB734 million, or 40.21%. It was mainly due to the increase in the provision for loans and investment securities impairment with a view to reinforce the Group's capital base and risk resistance.

	For the six months ended June 30,			Change rate (%)
	2019	2018	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	1,625.54	1,322.59	302.95	22.91
Financial investments	969.23	442.62	526.61	118.98
Others	(35.70)	60.00	(95.70)	(159.50)
Total	2,559.07	1,825.21	733.86	40.21

3.3.7 Income Tax Expense

In the first half of 2019, the Group's income tax was RMB626 million, representing a year-on-year increase of RMB208 million, or 49.85%. It was mainly due to the Group's profit increase in 2019 and the adjustment to tax filing differences in 2018.

	For the six months ended June 30,			Change rate (%)
	2019	2018	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Current tax	838.62	579.51	259.11	44.71
Tax filling differences	70.06	(45.22)	115.28	(254.93)
Changes in deferred tax	(282.25)	(116.25)	(166.00)	142.80
Total	626.43	418.04	208.39	49.85



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

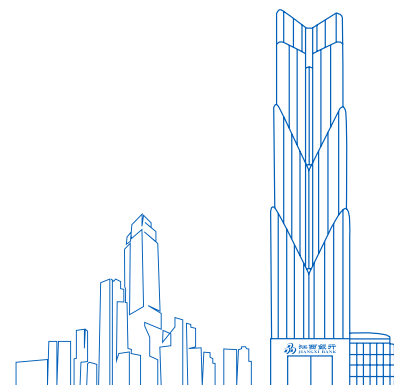
3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

3.4.1 Assets

As of June 30, 2019, the total assets of the Group amounted to RMB446.728 billion, representing an increase of RMB27.663 billion, or 6.60% 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.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	200,322.34		170,500.70	
Loans and advances to customers accrued interest	725.25		581.14	
Allowances for impairment losses on loans and advances to customers	(6,321.56)		(5,558.52)	
Net loans and advances to customers	194,726.03	43.59	165,523.32	39.50
Financial investments	189,943.61	42.52	190,704.00	45.51
Cash and deposits with the central bank	38,205.41	8.55	37,740.62	9.01
Deposits with banks and other financial institutions	1,656.56	0.37	3,204.92	0.76
Financial assets held under resale agreements	12,894.12	2.89	10,966.47	2.62
Placements with banks and other financial institutions	1,110.26	0.25	4,024.95	0.96
Other assets ⁽¹⁾	8,191.73	1.83	6,899.99	1.64
Total assets	446,727.72	100.00	419,064.27	100.00

Note: (1) Include interest in associates, property and equipment, deferred tax assets and other assets.



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(1) Loans and advances to customers

As of June 30, 2019, the Group's loans and advances to customers amounted to RMB200.322 billion, representing an increase of RMB29.822 billion, or 17.49% 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.

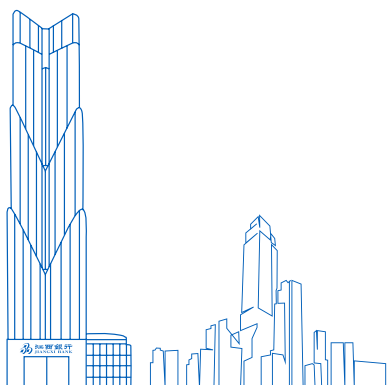
	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers at amortized costs				
Corporate loans and advances to customers	110,210.24	55.02	95,069.38	55.75
Personal loans and advances to customers	78,003.66	38.94	66,930.41	39.26
Subtotal	188,213.90	93.96	161,999.79	95.01
Loans and advances to customers measured at FVOCI				
Corporate loans and advances to customers	618.64	0.30	538.71	0.32
Discounted bills	11,489.80	5.74	7,962.20	4.67
Subtotal	12,108.44	6.04	8,500.91	4.99
Gross loans and advances to customers	200,322.34	100.00	170,500.70	100.00

Corporate loans and advances

As of June 30, 2019, the Group's corporate loans and advances amounted to RMB110.829 billion, representing an increase of RMB15.221 billion, or 15.92% 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, 2019, the Group's personal loans and advances amounted to RMB78.004 billion, representing an increase of RMB11.073 billion, or 16.54% as compared with the end of the previous year, which was mainly due to the Group's commitment to marketing personal loans.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

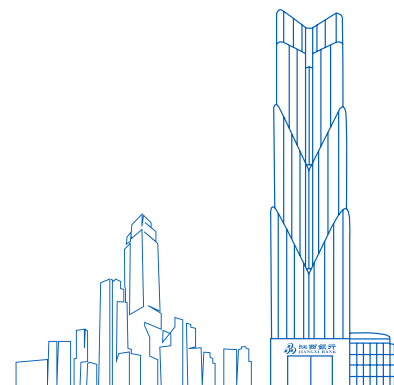
Discounted bills

As of June 30, 2019, the Group's discounted bills amounted to RMB11.490 billion, representing an increase of RMB3.528 billion or 44.30% as compared with the end of the previous year, which was mainly due to the Group's continuous efforts to support small and micro enterprises by enlarging the scale of discounted bills in response to government's requirement.

(2) Financial investments

As of June 30, 2019, the Group's balance of financial investments amounted to RMB189.944 billion, representing a decrease of RMB760 million, or 0.40% as compared with the end of the previous year.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Investment securities				
- Financial investments measured at amortized cost	125,163.70	65.89	122,041.08	63.99
- Financial investments at fair value through profit or loss	37,203.76	19.59	34,324.10	18.00
- Financial investments at fair value through other comprehensive income – debt instrument	27,565.90	14.51	34,328.57	18.00
- Financial investments designated to be measured at fair value through other comprehensive income – equity instrument	10.25	0.01	10.25	0.01
Total	189,943.61	100.00	190,704.00	100.00



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	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
Distribution of financial investments				
Debt securities				
Chinese government bonds	12,432.85	6.55	12,249.46	6.42
Policy bank bonds	26,651.86	14.03	26,061.98	13.67
Commercial banks and other financial institutions bonds	411.61	0.22	1,883.55	0.99
Corporate bonds	1,789.05	0.94	2,445.42	1.28
Subtotal	41,285.37	21.74	42,640.41	22.36
Other financial assets				
Wealth management products issued by financial institutions	4,082.86	2.15	1,043.14	0.55
Fund investments	18,798.52	9.90	18,919.49	9.92
Equity instruments	110.85	0.06	114.76	0.06
Investment management products managed by securities companies and trust plans	124,356.11	65.46	126,631.69	66.40
Subtotal	147,348.34	77.57	146,709.08	76.93
Accrued interest	1,309.90	0.69	1,354.51	0.71
Total financial investments	189,943.61	100.00	190,704.00	100.00



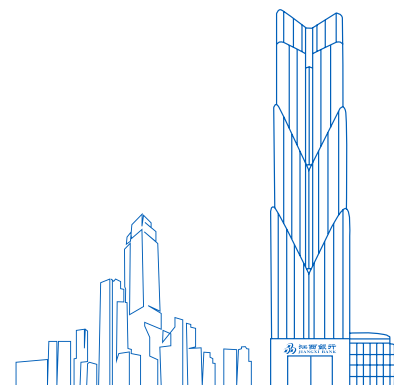
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.4.2 Liabilities

As of June 30, 2019, the Group's total liabilities amounted to RMB412.155 billion, representing an increase of RMB25.902 billion, or 6.71% as compared with the end of the previous year.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	280,327.66	68.02	260,448.65	67.43
Deposits from banks and other financial institutions	31,571.59	7.66	31,863.89	8.25
Borrowings from the central bank	6,661.03	1.62	1,590.07	0.41
Borrowings from other financial institutions	12,730.91	3.09	10,944.70	2.83
Placements from banks and other financial institutions	2,225.81	0.54	6,149.98	1.59
Financial assets sold under repurchase agreements	14,067.36	3.41	10,186.85	2.64
Debt securities issued	58,889.57	14.29	61,129.81	15.83
Income tax payable	562.01	0.14	567.44	0.15
Other liabilities ⁽¹⁾	5,119.02	1.23	3,371.55	0.87
Total liabilities	412,154.96	100.00	386,252.94	100.00

Note: (1) Consist primarily of interest payable, collection and payment, accrued staff costs, other taxes payable, dividends payable and other accounts payable.

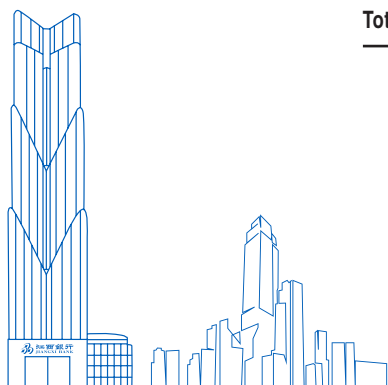


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(1) Deposits from customers

As of June 30, 2019, the Group's total deposits from customers amounted to RMB280.328 billion, representing an increase of RMB19.879 billion, or 7.63% as compared with the end of the previous year, which was mainly due to the Group's increased efforts to promote savings and institutional deposits.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
– Corporate deposits	114,818.59	40.96	117,737.51	45.21
– Individual deposits	18,750.02	6.69	19,289.36	7.41
Subtotal	133,568.61	47.65	137,026.87	52.62
Time deposits				
– Corporate deposits	78,235.21	27.91	63,772.44	24.49
– Individual deposits	54,084.72	19.29	45,616.96	17.51
Subtotal	132,319.93	47.20	109,389.40	42.00
Security deposits				
– Acceptances	6,670.94	2.38	6,225.96	2.39
– Letters of guarantees	2,575.96	0.92	2,164.50	0.83
– Letters of credit	938.16	0.33	679.94	0.26
– Others	55.97	0.02	56.41	0.02
Subtotal	10,241.03	3.65	9,126.81	3.50
Inward and outward remittances	58.45	0.02	43.28	0.02
Structured deposits				
– Corporate deposits	487.85	0.17	407.99	0.16
– Individual deposits	740.59	0.26	1,481.53	0.57
Subtotal	1,228.44	0.43	1,889.52	0.73
Interest payable	2,911.20	1.05	2,972.77	1.13
Total deposits from customers	280,327.66	100.00	260,448.65	100.00



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(2) Deposits from banks and other financial institutions

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB31.572 billion, representing a decrease of RMB292 million, or 0.92% as compared with end of the previous year.

(3) Debt securities issued

As of the end of the Reporting Period, the Group's debt securities issued was RMB58.890 billion, representing a decrease of RMB2.240 billion, or 3.66% as compared with the end of the previous year. It was mainly due to the maturity of certain of the Group's interbank deposit receipts.

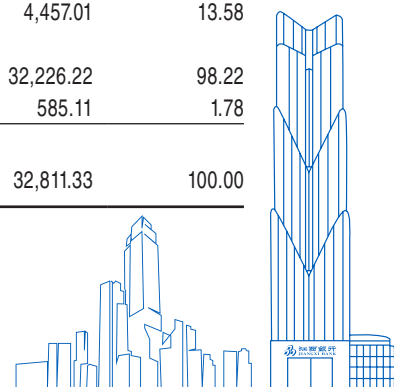
(4) Financial assets sold under repurchase agreements

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB14.067 billion, representing an increase of RMB3.881 billion, or 38.09% as compared with the end of the previous year. It was mainly due to the Group's increase of receiving funds to meet its liquidity requirements.

3.4.3 Equity

As of the end of the Reporting Period, the Groups' total equity was RMB34.573 billion, representing an increase of RMB1.761 billion, or 5.37% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB33.972 billion, representing an increase of RMB1.746 billion, or 5.42% as compared with the end of the previous year. This was mainly due to the increase in capital reserve resulting from the increase in net profit and the rise in the valuation of financial assets at fair value through other comprehensive income during the Reporting Period.

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Share capital	6,024.28	17.42	6,024.28	18.36
Capital reserve	14,305.57	41.37	13,720.28	41.82
Surplus reserve	2,518.79	7.29	2,518.79	7.68
General reserve	5,505.86	15.93	5,505.86	16.78
Retained earnings	5,617.53	16.25	4,457.01	13.58
Total equity attributable to equity shareholders of the Bank	33,972.03	98.26	32,226.22	98.22
Non-controlling interests	600.73	1.74	585.11	1.78
Total equity	34,572.76	100.00	32,811.33	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.5 OFF-BALANCE SHEET COMMITMENTS

3.5.1 Credit Commitments

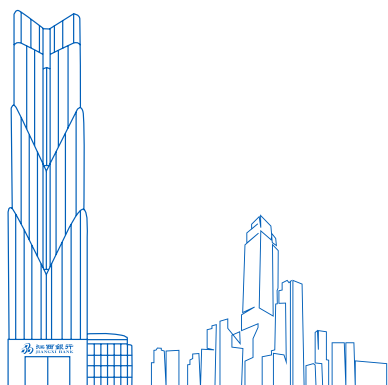
The Group incorporated the off-balance sheet business into the unified credit of customers, and under the management of on-balance sheet business, in accordance with the management procedures and management requirements of the pre-investigation, review, approval, contract signing, issuance, post-loan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

As of June 30, 2019, the balance of major off-balance sheet items was as follows:

	As of June 30, 2019	% of total	As of December 31, 2018	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	16,901.96	50.55	17,482.03	58.01
Letters of credit	2,393.44	7.16	1,401.31	4.65
Unused credit card commitments	5,799.17	17.34	5,803.02	19.26
Letter of guarantees	7,787.80	23.29	4,928.76	16.36
Loan commitments	553.92	1.66	519.82	1.72
Total	33,436.29	100.00	30,134.94	100.00

3.5.2 Capital Commitments

	As of June 30, 2019	As of December 31, 2018
	(in millions of RMB, unless otherwise stated)	
Capital commitments	16.35	48.84



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

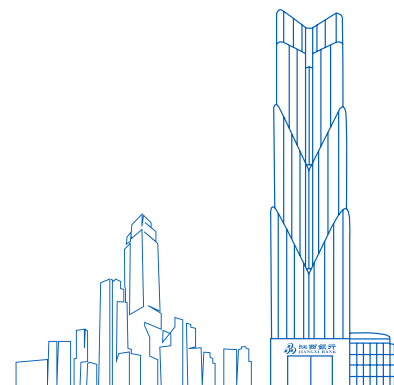
3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Bank's total loans were RMB200.322 billion, representing an increase of RMB29.822 billion, or 17.49% over the end of the previous year.

3.6.1 Distribution of Loans by Five-category Classification

	As of June 30, 2019		As of December 31, 2018	
	Amount	% of total (%)	Amount	% of total (%)
	(in millions of RMB, unless otherwise stated)			
Five-category classification				
Normal	182,089.59	90.90	158,736.55	93.10
Special mention	14,336.41	7.16	8,515.78	4.99
Substandard	946.75	0.47	2,011.45	1.18
Doubtful	1,477.42	0.74	1,034.25	0.61
Loss	1,472.17	0.73	202.67	0.12
Gross loans and advances to customers	200,322.34	100.00	170,500.70	100.00
Non-performing loans and non-performing loan ratio	3,896.34	1.95	3,248.37	1.91

As of the end of the Reporting Period, the Group's normal loans amounted to RMB182.090 billion, accounting for 90.90%. The proportion of normal loans decreased by 2.2 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB14.336 billion, accounting for 7.16%. The proportion of special mention loans increased by 2.17 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB3.896 billion with a non-performing ratio of 1.95%. The ratio increased by 0.04 percentage point compared with that at the end of the previous year. As most of the Group's loan customers are small and micro enterprises affected by such policies as deleveraging and supply-side reform, the risks thereof are subject to rapid exposure and delinquent loans have increased.

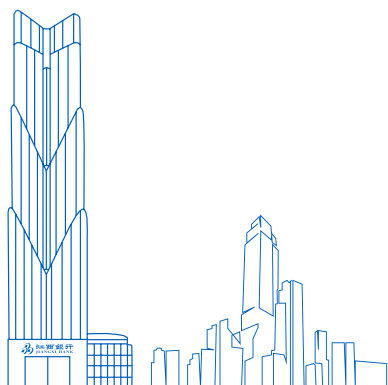


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	As of June 30, 2019				As of December 31, 2018			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Corporate loans								
Working capital loans	54,216.41	27.06	2,242.48	4.14	49,448.09	28.99	1,749.50	3.54
Fixed asset loans	37,800.68	18.87	105.82	0.28	30,415.78	17.84	167.94	0.55
Financial lease	16,663.52	8.32	-	-	13,943.01	8.18	-	-
Others	2,148.27	1.07	400.80	18.66	1,801.21	1.06	415.96	23.09
Subtotal	110,828.88	55.32	2,749.10	2.48	95,608.09	56.07	2,333.40	2.44
Personal loans								
Personal business loans	6,624.87	3.31	307.42	4.64	6,441.54	3.78	294.16	4.57
Residential mortgage loans	54,509.05	27.21	371.91	0.68	43,821.63	25.71	322.58	0.74
Personal consumption loans	13,469.52	6.72	248.13	1.84	13,184.09	7.73	145.97	1.11
Credit card	3,400.22	1.70	219.78	6.46	3,483.15	2.04	152.26	4.37
Subtotal	78,003.66	38.94	1,147.24	1.47	66,930.41	39.26	914.97	1.37
Discounted bills	11,489.80	5.74	-	-	7,962.20	4.67	-	-
Total	200,322.34	100.00	3,896.34	1.95	170,500.70	100.00	3,248.37	1.91

As of the end of the Reporting Period, the Group's total loans amounted to RMB200.322 billion, representing an increase of RMB29.822 billion, of which the corporate loans were up by RMB15.221 billion or 15.92% as compared with the end of the last year. Personal loans increased by RMB11.073 billion or 16.54% as compared with the end of the last year. Substantial business growth was seen in such industries.

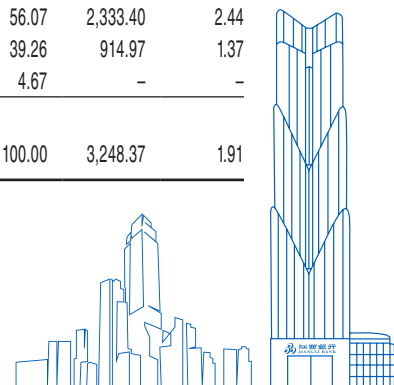


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.3 Distribution of Loans and Non-performing Loans by Industry

By industry

Industry	As of June 30, 2019				As of December 31, 2018				
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	
(in millions of RMB unless otherwise specified)									
1	Agriculture, forestry, animal husbandry and fishery	1,410.71	0.70	107.52	7.62	1,460.32	0.85	59.57	4.08
2	Mining	1,021.09	0.51	–	–	557.57	0.33	2.30	0.41
3	Manufacturing	13,123.77	6.55	410.20	3.13	13,189.39	7.74	291.30	2.21
4	Production and distribution of electricity, heating power, gas and water	1,802.12	0.90	9.80	0.54	1,869.12	1.10	9.80	0.52
5	Construction	11,087.59	5.53	180.91	1.63	9,275.28	5.44	112.27	1.21
6	Wholesale and retail	19,395.02	9.68	1,781.56	9.19	19,650.00	11.52	1,584.14	8.06
7	Transportation, storage and postal services	3,000.28	1.50	7.79	0.26	3,007.74	1.76	5.00	0.17
8	Accommodation and catering	1,572.58	0.79	102.52	6.52	1,616.35	0.95	95.81	5.93
9	Information transmission, computer services and software	1,425.37	0.71	99.14	6.96	1,129.32	0.66	102.60	9.09
10	Finance	1,497.54	0.75	–	–	862.52	0.51	–	–
11	Real estate	12,406.51	6.19	7.62	0.06	7,571.75	4.44	27.44	0.36
12	Leasing and commercial services	21,590.92	10.78	3.58	0.02	15,254.97	8.95	4.90	0.03
13	Scientific research and technical services	52.50	0.03	–	–	4.88	0.00	–	–
14	Water conservancy, environment and public facility management	17,368.50	8.67	–	–	15,946.96	9.35	–	–
15	Residents services, repairs and other services	76.59	0.04	24.46	31.94	82.58	0.05	16.27	19.70
16	Education	1,452.50	0.73	4.00	0.28	1,279.74	0.75	4.00	0.31
17	Health, social security and social welfare	1,212.50	0.61	–	–	1,275.22	0.75	–	–
18	Culture, sports, and entertainment	302.79	0.15	10.00	3.30	409.38	0.24	18.00	4.40
19	Public administration, social security and social organizations	1,030.00	0.50	–	–	1,165.00	0.68	–	–
<hr/>									
Total amount of corporate loans		110,828.88	55.32	2,749.10	2.48	95,608.09	56.07	2,333.40	2.44
Total amount of personal loans		78,003.66	38.94	1,147.24	1.47	66,930.41	39.26	914.97	1.37
Discounted bills		11,489.80	5.74	–	–	7,962.20	4.67	–	–
<hr/>									
Total		200,322.34	100.00	3,896.34	1.95	170,500.70	100.00	3,248.37	1.91



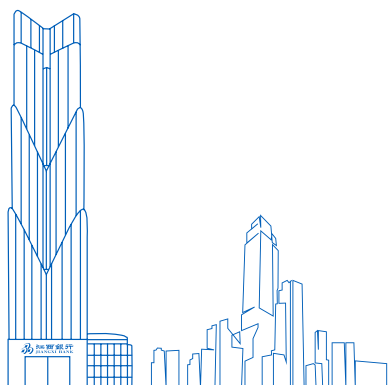
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Group's corporate loans amounted to RMB110.829 billion, representing an increase of RMB15.221 billion or 15.92% as compared with the end of the last year. The four largest industries were leasing and commercial services, wholesale and retail trade, water conservancy, environment and public facility management, and manufacturing. The Group's total amount of NPLs was RMB3.896 billion, mainly being wholesale and retail trade and manufacturing, which made more than 56.25% of the Bank's total NPLs.

3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of June 30, 2019				As of December 31, 2018			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB unless otherwise specified)							
Unsecured loans	23,437.32	11.70	456.47	1.95	21,955.79	12.88	287.55	1.31
Guaranteed loans	79,760.82	39.82	1,992.76	2.50	66,163.67	38.81	1,776.52	2.69
Collateralized loans	89,430.01	44.64	1,197.04	1.34	73,942.40	43.36	903.94	1.22
Pledged loans	7,694.19	3.84	250.07	3.25	8,438.84	4.95	280.36	3.32
Total	200,322.34	100.00	3,896.34	1.95	170,500.70	100.00	3,248.37	1.91

As of the end of the Reporting Period, the Group's main types of collateral were guaranteed loans and collateralized loans, representing over 80% of the total. It's worth noting that the percentage of the Group's collateralized loans was up by 1.28 percentage points, while the NPL ratio of the guaranteed loans was down by 0.19 percentage point as compared with the end of the last year.

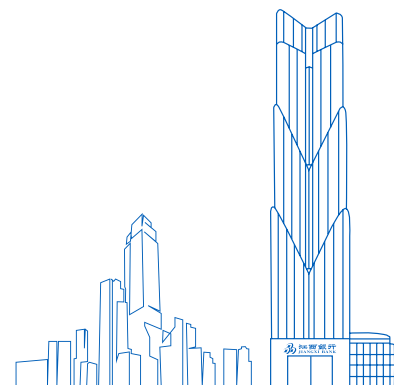


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Geographical region	As of June 30, 2019				As of December 31, 2018			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Nanchang area	100,452.25	50.14	2,218.59	2.21	81,386.91	47.73	2,151.96	2.64
Within Jiangxi Province (apart from Nanchang area)	72,251.00	36.07	1,390.83	1.92	64,312.11	37.72	828.76	1.29
Outside Jiangxi Province	27,619.09	13.79	286.92	1.04	24,801.68	14.55	267.65	1.08
Total	200,322.34	100.00	3,896.34	1.95	170,500.70	100.00	3,248.37	1.91

As of the end of the Reporting Period, the total amount of all the Group's loans was RMB200.322 billion with 50.14%, 36.07% and 13.79% in Nanchang area, in Jiangxi Province (apart from Nanchang area) and outside Jiangxi Province, respectively. Double-digit growth in the total loans was seen in each area as compared with the end of the last year. The Group's total amount of NPLs was RMB3.896 billion, with 56.94% in Nanchang area, with a NPL ratio down by 0.43 percentage point as compared with the end of the last year.

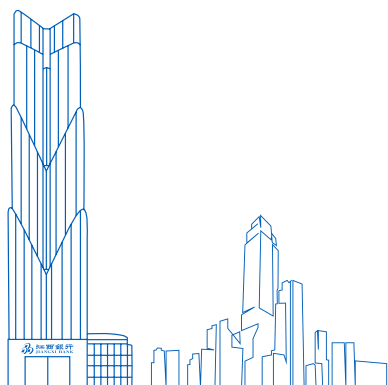


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of June 30, 2019		As of December 31, 2018	
	Loan amount	% of total (%)	Loan amount	% of total (%)
	(in millions of RMB unless otherwise specified)			
Current loans	191,096.46	95.39	164,234.11	96.32
Loans past due for				
Up to 3 months	5,354.84	2.68	3,378.67	1.98
Over 3 months up to 1 year	2,008.44	1.00	1,462.24	0.86
Over 1 year up to 3 years	1,419.77	0.71	1,092.14	0.64
Over 3 years	442.83	0.22	333.54	0.20
Subtotal	9,225.88	4.61	6,266.59	3.68
Total	200,322.34	100.00	170,500.70	100.00

As of the end of the Reporting Period, the Group's total overdue loans amounted to RMB9.226 billion, representing an increase of RMB2.959 billion with an overdue rate of 4.61%, up by 0.93 percentage point as compared with that at the end of last year. The newly added overdue loans were mainly for over 3 months, representing 66.78% of the total newly added overdue loans. The Group has been taking measures to collect and reduce overdue loans.



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3.6.7 Large Risk Exposures

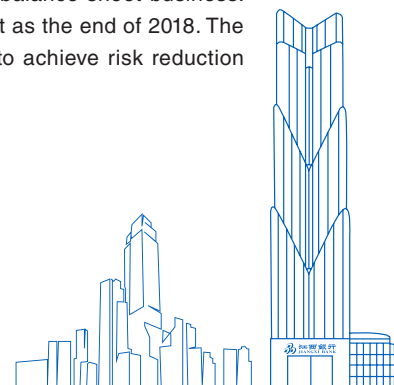
(1) Large risk exposures to ten largest non-interbank single customers

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.

Item	Industry	Balance of risk exposure	As of June 30, 2019		Five-category classification
			% of total loans	% of net tier-one capital	
Borrower A	Water conservancy, environment and public facility management	6,091.07	3.04	17.85 ⁽¹⁾	Normal
Borrower B	Anonymous customer	4,322.43	2.16	12.67	Normal
Borrower C	Real estate	2,860.00	1.43	8.38	Normal
Borrower D	Construction	2,500.00	1.25	7.33	Normal
Borrower E	Manufacturing	2,075.43	1.04	6.08	Normal
Borrower F	Water conservancy, environment and public facility management	2,000.00	1.00	5.86	Normal
Borrower G	Water conservancy, environment and public facility management	2,000.00	1.00	5.86	Normal
Borrower H	Real estate	1,800.00	0.90	5.28	Normal
Borrower I	Construction	1,607.00	0.80	4.71	Normal
Borrower J	Water conservancy, environment and public facility management	1,591.79	0.79	4.67	Normal
Total		26,847.71	13.41	78.69	

Note:

- (1) The increase in the data is due to the inclusion of the Bank's off-balance-sheet business. Risk exposures to non-interbank single customers exceeded 15% at as the end of 2018. The Bank has formulated plans to reduce large risk exposures so as to achieve risk reduction step by step.

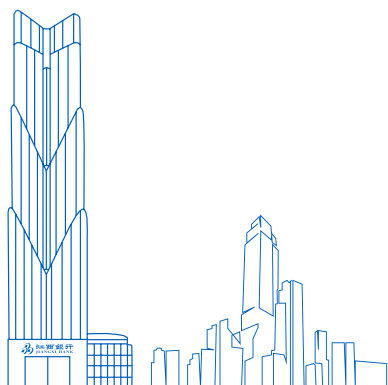


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

(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.

Item	Industry	Balance of risk exposure	As of June 30, 2019		Five-category classification
			% of total loans	% of net tier-one capital	
Borrower A	Construction	5,571.53	2.78	16.33	Normal
Borrower B	Leasing and commercial services	3,198.90	1.60	9.38	Normal
Borrower C	Leasing and commercial services	3,153.10	1.57	9.24	Normal
Borrower D	Water conservancy, environment and public facility management	3,143.00	1.57	9.21	Normal
Borrower E	Leasing and commercial services	3,018.13	1.51	8.85	Normal
Borrower F	Real estate	2,990.00	1.49	8.76	Normal
Borrower G	Real estate	2,877.60	1.44	8.43	Normal
Borrower H	Leasing and commercial services	2,850.00	1.42	8.35	Normal
Borrower I	Mining	2,765.82	1.38	8.11	Normal
Borrower J	Construction	2,178.30	1.09	6.38	Normal
Total		31,746.37	15.85	93.04	



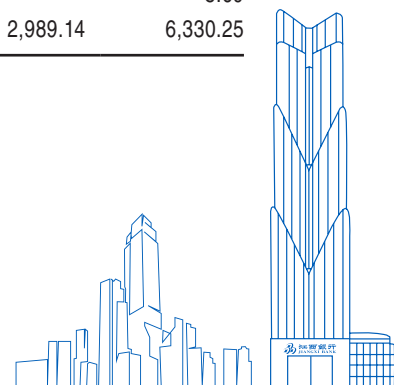
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.8 Repossessed Assets and Impairment Allowances

Item	As of June 30, 2019	As of December 31, 2018
	(in millions of RMB, unless otherwise stated)	
Land use rights and buildings	108.22	109.23
Less: Impairment allowances	(11.55)	(11.57)
Net repossessed assets	96.67	97.66

3.6.9 Movements of Provision for Impairment Losses on Loans

	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	Total
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers at amortized costs				
As at January 1, 2019	575.41	2,583.94	2,399.16	5,558.51
Transferred to next 12-month ECL	64.52	(59.72)	(4.80)	-
Transferred to lifetime ECL				
– not credit-impaired	(4.99)	66.02	(61.03)	-
Transferred to lifetime ECL				
– credit-impaired	(3.92)	(78.87)	82.79	-
Charge for the period	815.39	(625.36)	1,436.58	1,626.61
Recoveries	-	-	96.68	96.68
Write-offs	-	-	(906.27)	(906.27)
Others	-	-	(53.97)	(53.97)
As at June 30, 2019	1,446.41	1,886.01	2,989.14	6,321.56
Loans and advances to customers at FVOCI				
As at January 1, 2019	5.97	3.79	-	9.76
Charge for the period	2.72	(3.79)	-	(1.07)
As at June 30, 2019⁽⁴⁾	8.69	-	-	8.69
Total	1,455.10	1,886.01	2,989.14	6,330.25



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

- Notes: (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 to customers at fair value through other comprehensive income is recognised in other comprehensive income.

3.6.10 Measures for Non-performing Assets

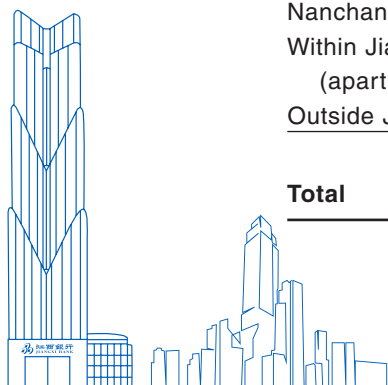
During the Reporting Period, the Group adopted the following measures to control the growth of non-performing assets: first, the Group further moved forward the management of risks, and concentrated on the risk investigation and resolution of existing credit businesses, to achieve “early warning”, “early disposal”, and “early resolution”. Second, the Group implemented hierarchical and classified recovery management, strengthened the recovery supervision for “key banks” and “key customers”, and clarified the primary responsibility. Third, the Group insisted on multiple measures and comprehensively applied transformation and restructuring, guarantee responsibility, recovery and preservation, and asset auction to improve the effectiveness of disposal of non-performing assets. Fourth, the Group increased its write-off efforts by timely writing off loans that met the write-off conditions to accelerate risk mitigation.

3.7 SEGMENT REPORTS

3.7.1 Summary of Regional Segment Information

The Group collects its operating revenue according to the location of the branch or subsidiary that generates such income, and divides it according to different regions. The following table sets forth the total operating revenue of each region in the periods indicated.

	For the six months ended June 30, 2019		For the six months ended June 30, 2018	
	Amount	% of total	Amount	% of total
Nanchang area	4,324.24	67.71	3,580.33	67.09
Within Jiangxi Province (apart from Nanchang area)	1,507.32	23.60	1,370.53	25.68
Outside Jiangxi Province	555.01	8.69	386.10	7.23
Total	6,386.57	100.00	5,336.96	100.00

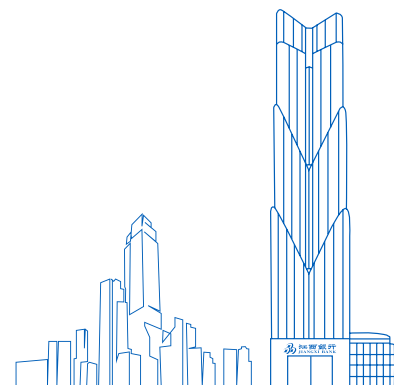


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7.2 Summary of Business Segment Information

The Group has three principal business activities: corporate banking, retail banking 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, 2019					For the six months ended June 30, 2018				
	Corporate banking	Retail banking	Financial markets business	Others	Total	Corporate banking	Retail banking	Financial markets business	Others	Total
	(in millions of RMB, unless otherwise stated)									
External net interest income	1,299.88	1,565.36	2,344.22	-	5,209.46	997.91	921.32	2,211.84	-	4,131.07
Internal net interest income/ (expenses)	1,327.32	65.96	(1,449.83)	56.55	-	1,283.79	328.19	(1,653.25)	41.27	-
Net interest income	2,627.20	1,631.32	894.39	56.55	5,209.46	2,281.70	1,249.51	558.59	41.27	4,131.07
Net fee and commission income/ (expenses)	265.62	(115.12)	158.10	(4.31)	304.29	259.26	12.30	125.01	6.23	402.80
Net trading gains	-	-	79.56	-	79.56	-	-	1.84	-	1.84
Net gains arising from financial investments	3.65	-	751.32	-	754.97	-	-	736.04	-	736.04
Other operating (expenses)/income	(23.62)	8.59	8.30	45.02	38.29	(30.57)	(7.46)	(0.94)	104.18	65.21
Operating income	2,872.85	1,524.79	1,891.67	97.26	6,386.57	2,510.39	1,254.35	1,420.54	151.68	5,336.96
Operating expenses	(527.35)	(580.39)	(418.58)	(4.52)	(1,530.84)	(530.75)	(531.90)	(440.37)	(0.27)	(1,503.29)
Impairment losses on assets	(1,405.86)	(337.95)	(799.79)	(15.47)	(2,559.07)	(1,260.35)	(142.91)	(415.88)	(6.07)	(1,825.21)
Share of profits of associates	-	-	-	0.10	0.10	-	-	-	2.38	2.38
Profit before taxation	939.64	606.45	673.30	77.37	2,296.76	719.29	579.54	564.29	147.72	2,010.84
Proportion to total profit before taxation (%)	40.91	26.40	29.32	3.37	100.00	35.77	28.82	28.06	7.35	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7.3 Main Segment Operating Income

	For the six months ended June 30, 2019		For the six months ended June 30, 2018	
	Amount	% of total	Amount	% of total
Corporate banking	2,872.85	44.99	2,510.39	47.04
Retail banking	1,524.79	23.87	1,254.35	23.50
Financial markets business	1,891.67	29.62	1,420.54	26.62
Others	97.26	1.52	151.68	2.84
Total	6,386.57	100.00	5,336.96	100.00

3.8 BUSINESS OVERVIEW

3.8.1 Corporate Banking

(1) Corporate deposits

During the Reporting Period, under the background of complicated and changeable domestic and international economic situation and increasingly fierce competition among banks, the Bank continued to promote the transformation of its business, focused on institutional business and transaction banking business, and strived to foster new growth points for corporate deposits. With the help of financial technology, the Bank vigorously carried out key products and businesses such as Yinyitong, Zhixiaotong and electronic collection of non-tax income, to effectively improve the level of financial services and promote corporate banking. As of the end of the Reporting Period, the Bank's corporate deposit balance had reached RMB203.761 billion, representing an increase of RMB12.696 billion or 6.64% as compared with the end of last year.

As of the end of the Reporting Period, according to the People's Bank of China, the Bank ranked third with a market share of 11.96% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Jiangxi Province, and the growth rate is 5.39%, which is 0.63 percentage point higher than the average growth rate in Jiangxi Province; while the Bank's market share of RMB corporate deposits in Nanchang City (excluding deposits of non-deposit financial institutions) was 20.35%, ranking first; newly taken deposits of the Bank accounted for 20.92% of total new deposits of the city, ranking first; deposit growth rate was 9.53%, which is 0.28 percentage point higher than the average growth rate in Nanchang City.



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(2) Corporate loans

As of the end of the Reporting Period, the total amount of corporate loans issued by the Group had reached RMB110.829 billion, representing an increase of 15.92% as compared with the end of last year. Corporate loans are the largest components of the Group's loan portfolio and most are denominated in RMB.

Distribution of corporate loans by product type

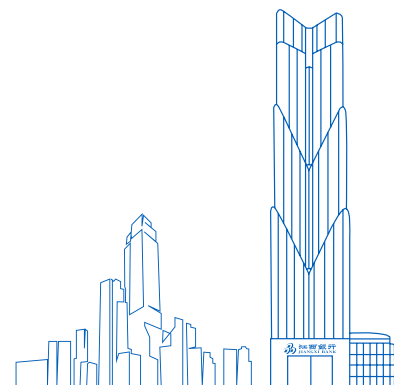
The Group provides various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. The amount of the Group's corporate loans increased by 15.92% from RMB95.608 billion as of December 31, 2018 to RMB110.829 billion as of June 30, 2019, mainly due to the Group's continued increase in lending to enterprises in key industries, including wholesale and retail, manufacturing and leasing and business services. The Group continuously strengthened the business cooperation with core high quality customers.

Unit: millions of RMB

Item	June 30, 2019		December 31, 2018	
	Amount	% of total	Amount	% of total
Working capital loans	54,216.41	48.92	49,448.09	51.72
Fixed asset loans	37,800.68	34.11	30,415.78	31.81
Financial lease	16,663.52	15.04	13,943.01	14.58
Others ⁽¹⁾	2,148.27	1.93	1,801.21	1.89
Total amount of corporate loans	110,828.88	100.00	95,608.09	100.00

Note:

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



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Distribution of corporate loans by contract maturity

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

Unit: millions of RMB

Item	June 30, 2019		December 31, 2018	
	Amount	% of total	Amount	% of total
Short-term loans and advances ⁽¹⁾	43,029.50	38.83	39,302.11	41.11
Medium to long-term loans ⁽²⁾	67,799.38	61.17	56,305.98	58.89
Total amount of corporate loans	110,828.88	100.00	95,608.09	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

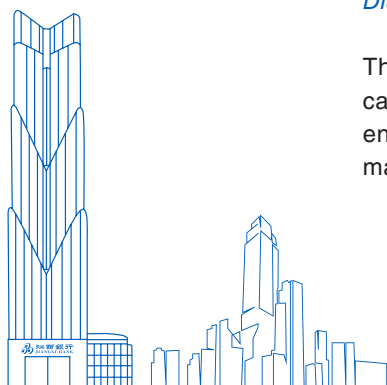
As of the end of the Reporting Period, the Group's short-term loans and advances totaled RMB43.03 billion, up by RMB3.727 billion or 9.48% from the end of last year, and accounted for 38.83% of the Group's total corporate loans, down from 41.11% as at the end of last year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans totaled RMB67.799 billion, up by RMB11.493 billion or 20.41% from the end of last year, and accounted for 61.17% of the Group's total corporate loans, up from 58.89% as at the end of last year.

Distribution of corporate loans by customer category

The Group provided different loan products and services for customers of various categories and sizes. The Group's corporate loan customers mainly included state-owned enterprises and private enterprises which mainly included corporate customers in the manufacturing, wholesale and retail industries.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the distribution of the Group's corporate loans by size of corporate customer as of the dates indicated.

Unit: millions of RMB

Item	June 30, 2019		December 31, 2018	
	Amount	% of total	Amount	% of total
Micro enterprises ⁽¹⁾	7,879.07	7.11	6,431.88	6.73
Small enterprises ⁽¹⁾	62,653.83	56.53	56,320.22	58.90
Medium enterprises ⁽¹⁾	25,541.32	23.05	19,521.35	20.42
Large enterprises ⁽¹⁾	13,543.99	12.22	12,166.86	12.73
Others ⁽²⁾	1,210.67	1.09	1,167.78	1.22
Total amount of corporate loans	110,828.88	100.00	95,608.09	100.00

Notes:

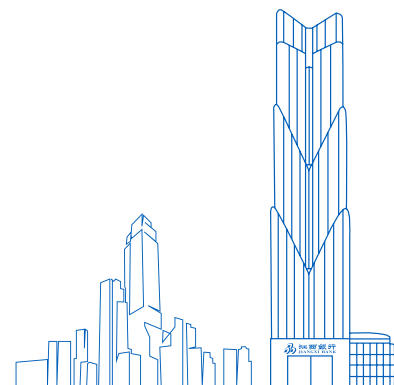
- (1) Classification Standards of Small and Medium Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
- (2) Primarily includes loans to public institutions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

Loans to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB39.085 billion, accounting for 35.27% of the Group's total corporate loan amount, up by 2.12% from that as at the end of the previous year.

Loans to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises were RMB70.533 billion, accounting for 63.64% of the Group's total corporate loan amount, down by 1.99% from that as at the end of the previous year.



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(3) *Corporate customers*

As of the end of the Reporting Period, the Bank had 71,212 corporate deposit customers, representing an increase of 4,016 or 5.98% from the end of last year; the Bank had 3,981 corporate loan customers, an increase of 112 or 2.89% from the end of last year. The Bank vigorously expanded its institutional customers and transaction banking customers by organizing and launching specialized marketing activities. Particularly, it strengthened marketing to finance, social security, medical insurance and other administrative institutions, further expanded strategic customers such as local key state-owned enterprises, listed companies, and leading enterprises in the industry, and actively served private, small and micro enterprise customers. Through quality financial services, the Bank consolidated and enhanced business cooperation with corporate customers and consolidated its foundation for development of corporate banking.

(4) *Corporate products*

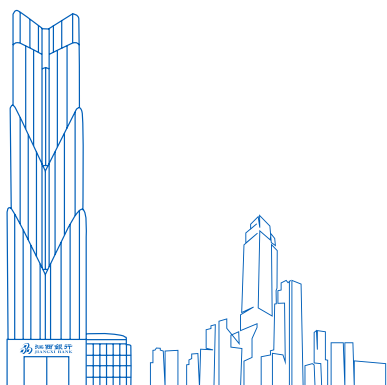
Settlement business

As of the end of the Reporting Period, the Bank had 8,527 accounts of enterprise mobile banking. Among them, 1,202 accounts were opened this year and 40,878 transactions with total transaction value of RMB1.877 billion were made this year.

As of the end of the Reporting Period, the Bank had a total of 6,890 accounts of unit settlement card, of which 217 were opened this year and 37,193 transactions with total transaction value of RMB373 million were made this year.

Supply chain finance

The Bank innovated online products through financial technology to continuously improve its supply chain finance service capability. The Bank relied on the core enterprises in the industrial value chain to serve upstream supplier customers. At the end of May 2019, the Bank launched the online factoring financing product, “Cloud Enterprise Chain”, and handled its first business. As of the end of the Reporting Period, the Bank’s balance of supply chain finance business amounted to RMB2.790 billion, serving a total of 31 enterprises.



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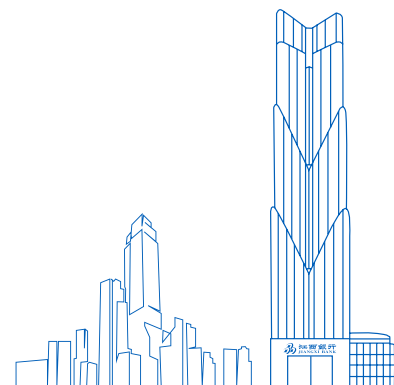
“Shui e Rong” business

In order to cope with the impact and challenge of big data and Internet technology to traditional small and micro financial business, the Bank and the Bank of Jiangsu cooperated to draw on their respective strengths, took “Shui e Rong” (税e融) business as the entry point, and adopted the concept of “Internet + tax + finance” to provide unsecured and uncovered pure credit loans online for business owners of small and micro enterprises above grade B (including grade B) in tax payment.

As of the end of the Reporting Period, “Shui e Rong” issued a total of 1,405 loans, with a total amount of RMB512 million. In particular, “Shui e Rong” issued a total of 1,295 online loans, with a total amount of RMB216 million, and 110 offline loans, with a total amount of RMB297 million. The total outstanding balance was RMB83 million, involving 38 online customers with RMB9 million outstanding, and 30 offline customers with RMB74 million outstanding.

Caiyuan Credit Link business

“Caiyuan Credit Link” business is a new financing model created by Jiangxi Provincial Department of Finance, industrial parks in various cities and banks to alleviate the financing difficulties of small and micro enterprises. As one of the cooperative banks of the “Caiyuan Credit Link” business, the Bank has been actively fulfilling the mission of serving agriculture, rural areas and farmers, small and micro enterprises, and communities, and conducting corporate financing services through multiple channels, to fully support the development of small and micro enterprises. Since its launch in 2014 and up to the end of the Reporting Period, Jiangxi Bank’s “Caiyuan Credit Link” (including Caiyuan Credit Link – Export Enterprise) had accumulatively issued loans of RMB15.108 billion, which had supported a total of 1,083 small and micro enterprises, with a loan balance of RMB3.141 billion.



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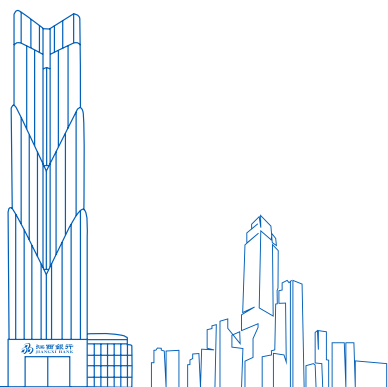
(5) *Investment banking*

The Bank focused on the lead underwriting business of non-financial corporate debt financing instruments, continuously enriched investment banking products, and promoted product innovation, to facilitate the Bank's business transformation.

The Bank has actively carried out the lead underwriting business since it obtained the qualification for B-Class lead underwriter for non-financial corporate debt financing instruments. On February 22, 2019, as approved by National Association of Financial Market Institutional Investors, the Bank became a B-Class lead underwriter for non-financial corporate debt financing instruments, and was approved to carry out the lead underwriting business of non-financial corporate debt financing instruments within Jiangxi Province, marking an important step in the Bank's service to local economy and direct corporate financing in Jiangxi Province. During the Reporting Period, as a joint lead underwriter, the Bank successfully issued 2 non-financial corporate debt financing instruments for enterprises, with a total amount of RMB3.5 billion, which effectively promoted the Bank's business development and transformation.

(6) *Micro-finance*

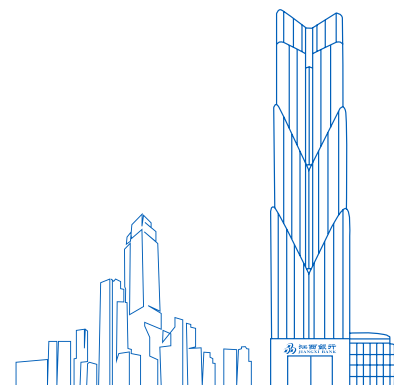
The Bank has always adhered to the market positioning of "serving small and micro enterprises"; and started small and micro financial business on a commercial scale in the province at an early stage, made efforts to deepen, refine and penetrate the local small and micro market, strived to solve the problem of "difficult financing and expensive financing" facing small and micro enterprises, and constantly improved the support for the private and real economy. As of the end of the Reporting Period, the Group's small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB25.619 billion, up by RMB3.126 billion from the end of the previous year, representing a growth rate of 13.9%. There were 16,962 customers who received small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million). The weighted average interest rate (calculated based on the balance) of the inclusive type small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million) was 6.31%, down by 48BP from the end of the previous year.



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First, the Bank vigorously developed the characteristic industrial value chain and business circle business on commercial scale. On the one hand, in order to resolve the problem of “triangular debt” among enterprises, the Bank has developed and launched online small and micro financial products, such as “Cloud Enterprise Chain”, and the difficulties faced by private and small and micro enterprises in operating capital were solved through credit enhancement by core enterprises with good credit, large scale and mature chain in supply chain. At the end of the Reporting Period, the Group was cooperating with leading and core enterprises in the province’s agriculture, manufacturing and high-tech industries to continuously increase the supply of credit to its upstream and downstream small and micro enterprises; on the one hand, with the transformation of Hongcheng’s characteristic small and micro sub-branch as an entry point, the Bank closely surrounded the Hongcheng market and neighboring business circle in Nanchang, actively explored and innovated, continuously increased support for small and micro enterprises, and improved the quality and efficiency of its financial services for small and micro enterprises, which set a benchmark for small and micro financial services and laid a solid foundation for the innovative transformation and development of the Bank’s micro-finance.

Second, the Bank continued to promote emerging industries, entrepreneurship and innovation. On the one hand, to promote the “Yingshanhong Action” for the listing of companies in Jiangxi, the Bank launched the exclusive credit product “Yingshanhong Booster Loan” for “Yingshanhong Enterprises”, provided financial services to the companies intending to go public and actively provided credit support for Yingshanhong Enterprises. As of the end of the Reporting Period, the Bank had accumulatively provided a credit line of RMB145 million to 15 enterprises, with a total of 14 enterprises having used credit and a credit balance of RMB121.6 million. On the other hand, Jiangxi Talent Serving Bank continued to optimize the innovative talent service in accordance with the requirements of the Jiangxi Provincial Party Committee’s Talent Office and the Provincial Local Financial Supervision Administration, and improved the policy system and exclusive products to continuously promote the business development of Jiangxi Talent Serving Bank. As of the end of the Reporting Period, Jiangxi Talent Serving Bank directly served 1,348 talents in the province, and supplied innovative and entrepreneurial financial products of RMB815 million, creating a good atmosphere to support talent’s innovation and entrepreneurship, providing better financial support for talent’s development.



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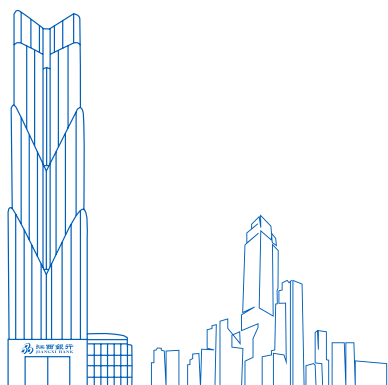
Third, the Bank continued to strengthen the technological innovation in small and micro finance. In view of the characteristics of small and micro enterprises such as “lack of information” and “lack of guarantee,” the Bank, with the experience of model design, data accumulation and system development, explored and established a new service mode of “digitization, intelligentization and networking” different from the traditional business. At the end of December 2018, the Bank launched “Handheld Micro Loan” for customers to meet their needs of remote self-service loan application, signing and repayment, and as of the end of the Reporting Period, it supported a total of 1,110 small and micro customers, with a loan balance of RMB664 million. In March 2019, the Bank launched the online credit product “Micro Enterprise Loan” simultaneously, and as of the end of the Reporting Period, it supported a total of 1,162 small and micro customers, with a credit of RMB558 million. The Bank constantly strengthened the scientific and technological leadership to reduce enterprises’ financing costs and improve service efficiency. As of the end of the Reporting Period, the Bank’ small and micro loan balance was RMB5.655 billion, an increase of RMB1.122 billion over the same period of last year, benefiting various production units of the society such as small and micro enterprises, individual industrial and commercial businesses and start-ups set up by owners who had been laid-off workers.

3.8.2 Retail Banking

(1) Retail deposits

As of the end of the Reporting Period, the Bank’s retail deposit balance had reached RMB73.655 billion, representing an increase of RMB7.245 billion or 10.91% as compared with the end of last year.

During the Reporting Period, the Bank took the county area of Jiangxi Province as the main place for the development of retail deposits and individual customers, organized a special competition to accelerate the marketing of retail deposits in county sub-branches, and promoted activities to achieve effective results by holding seminars, conducting field research, and setting benchmarks. As of the end of the Reporting Period, the Bank’s county sub-branches in Jiangxi Province had a retail deposit balance of RMB24.705 billion, an increase of RMB3.869 billion or 18.58% from the end of last year; the average daily retail deposits of county sub-branches reached RMB23.166 billion, an increase of RMB4.838 billion or 26.39% from the end of last year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

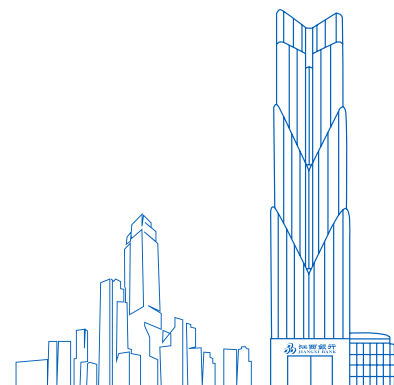
In order to strengthen the marketing of settlement-type deposit, the Bank introduced the POS acquiring fee reduction policy for individual industrial and commercial businesses, and introduced retail demand deposits based on convenient online payment channels. For large time deposit customers, the Bank strengthened the marketing of large certificate of personal deposit. During the Reporting Period, the Bank issued a total of 6 phases of large certificate of personal deposit, with sales amounting to RMB5.474 billion, an increase of 369.97% over the same period of last year. As of the end of the Reporting Period, the balance of large certificate of personal deposit reached approximately RMB9.313 billion, an increase of 142.57% over the same period of last year.

(2) Retail loans

During the Reporting Period, the Bank continued to optimize the structure of retail loans, adjusted the focus of asset placement, and further concentrated on businesses with good returns and stable risks, and the benefits of retail loans increased steadily. As of the end of the Reporting Period, the Bank's retail loan balance had reached RMB78.004 billion, representing an increase of RMB11.073 billion or 16.54% as compared with the end of last year. During the Reporting Period, the total interest income of the retail loan business was RMB2.434 billion, an increase of RMB898 million or 58.53% over the same period of last year, and the profitability of retail loans was further improved.

During the Reporting Period, the Bank closely cooperated with the Internet platform to develop retail loan business, and the profitability of online loans was continuously enhanced. As of the end of the Reporting Period, the balance of the Bank's online loans reached RMB11.175 billion, accounting for 14.33% of the balance of retail loans; during the Reporting Period, it realized interest income of RMB650 million, accounting for 26.71% of the interest income of retail loans.

The Bank relied on key products to market offline loans properly, launched a new product "Real Estate Mortgage Quick Loan", and realized the online value evaluation of real estate, and immediate borrowing and repayment on mobile terminal, which greatly improved product experience. The Bank increased the issuance of mortgage loans, and its business scale and revenue all achieved steady growth. As of the end of the Reporting Period, the balance of residential mortgage loans increased by RMB10.687 billion or 24.39% from the end of last year.



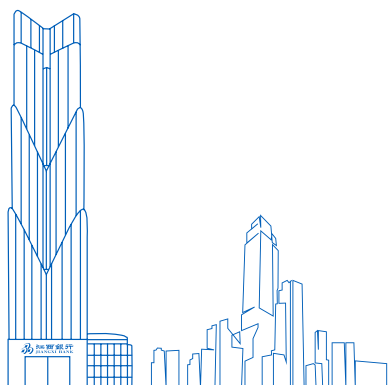
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(3) Retail customers

During the Reporting Period, the Bank played the public-private linkage effect, carried out key cooperative projects to expand customer base massively, and effectively consolidated the retail customer base through projects and channels. The Bank organized branches to carry out marketing activities for specific customer bases to expand customer sources. First, the Bank relied on the Nanchang Education Examination Card payment channel to expand the customer base for secondary school payment in Nanchang City. As of the end of the report, the number of accumulated payment customers reached 125,300. Second, the Bank relied on the “Smart Life Payment” channel to expand customer bases of collecting units for the party fee, property fee, rent and other funds. As of the end of the Reporting Period, the number of contracted enterprises for this service reached 28. Third, the Bank relied on the public projects including “Yinyitong” to expand the hospital customer base, organized branches to visit a number of large-scale cooperative hospitals, and launched integrated financial services such as exclusive wealth management, all-purpose card and personal credit for employees of the cooperative units. Fourth, in respect of the social security agency business, the Bank took advantage of the launch of “Golden Social Security Project Phase II Bank and Social Security Interface System Direct Payment Function” to organize branches and social security authorities in the area to actively expand social security agency services. During the Reporting Period, the total number of social security and wages directly paid by the Bank through Golden Social Security Project Phase II was 328,100, and the total amount of social security and wages paid for the Bank’s customers amounted to RMB1.245 billion.

(4) Bank cards

During the Reporting Period, the Bank, in conjunction with China UnionPay Jiangxi Branch, launched a variety of debit card promotions such as “Chip Card Flash Payment for Subway and Bus Activity”, “Fortune Card Golden Pig Shopping Festival”, “Fee Reduction for Consumption of Ten Thousand Tables of Reunion Dinner” and “Fortune Card Fee Reduction for Refueling” based on “UnionPay Cloud Flash Payment APP”, to expand customers through both online and offline channels, and activate and guide the Bank’s debit card customers to bind and use cards. The Bank cooperated with the well-known internet company “Mei Tuan” to launch the function of binding “Mei Tuan Payment” with the Bank’s debit cards, making the online payment channels of the Bank’s debit cards more abundant. As of the end of the Reporting Period, the Bank’s online payment amount through debit cards this year reached RMB22.653 billion.



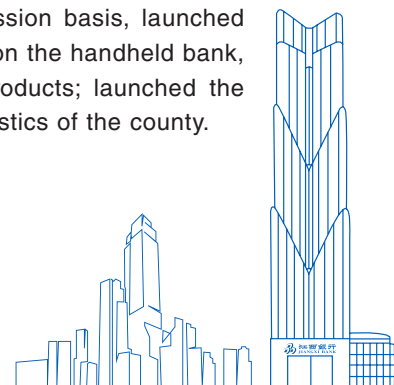
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During the Reporting Period, the Bank's credit card business focused on the overall goal of "controlling risk, reducing costs, and increasing revenue," steadily increased business scale and effectively enhanced the capabilities to generate revenue and acquire customers. First, the Bank developed the credit card with automatic installment for comprehensive consumption to meet the consumer demand for large-scale consumption scenes such as home improvement, wedding, travel and education. Second, the Bank deepened cross-boundary business cooperation and innovated marketing models. The Bank actively carried out "Gifts for First Card Swiping," "Random Reduction in Payment Through WeChat," "50% Off for Film Ticket on Taopiapiao," "KFC Free Chicken," "Weekly Gifts for Card Swiping" and other promotions to continuously enhance the consumption enthusiasm of the Bank's credit card customers. Third, the Bank built an intelligent customer service system to further enhance the experience of the Bank's credit card customers and optimize the process of credit card customer service. Fourth, the Bank optimized the risk management system for the entire process of credit cards. Relying on the technology system, and taking into account the analysis of big data inside and outside the Bank, the Bank effectively implemented anti-fraud screening for risky customers in the pre-lending phase, established customer behavior portraits in the lending phase to achieve hierarchical management and risk warning of customer risks, and introduced an advanced collection model in the post-lending phase to adopt a differentiated collection and disposal method for credit card overdue assets.

As of the end of the Reporting Period, the Bank had issued 467,800 credit cards in total, representing an increase of 19.52% year on year; the accumulated revenue of credit card business this year reached RMB118 million, representing an increase of 14.56% year on year.

(5) *Wealth management*

During the Reporting Period, the Bank further optimized its wealth management products and functions, and launched the theme products such as "New Customer Wealth Management," "County Customer Wealth Management," "Replacement of Magnetic Strip Card with Chip Card Customer Wealth Management" and "Group Customer Wealth Management" for high-quality customers on a regular basis. During the Reporting Period, the Bank's sales of personal wealth management products reached RMB32.293 billion, an increase of 3.05% over the same period of last year. As of the end of the Reporting Period, the balance of the Bank's personal wealth management products reached RMB31.846 billion, an increase of 6.97% over the same period of last year. During the Reporting Period, the Bank sold 91 new products on a commission basis, launched the functions of gold supermarket and online sales of insurance on the handheld bank, realized comprehensive online sales of wealth management products; launched the "Fortune Gold" precious metal series products with the characteristics of the county.



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During the Reporting Period, the Bank further enriched the value-added services for VIP customers, worked with professional institutions to launch VIP room and fast security check-in services in major airports around the world and major domestic high-speed rail stations, and provided online medical consultation, high-end medical examination, equestrian courses and other services for high-net-worth customers. The Bank launched the theme activities such as “Lectures on College Application”, “International Women’s Day Health Month Physical Examination” and “STAR Market Investor Education” to enhance the stickiness of high-net-worth customers.

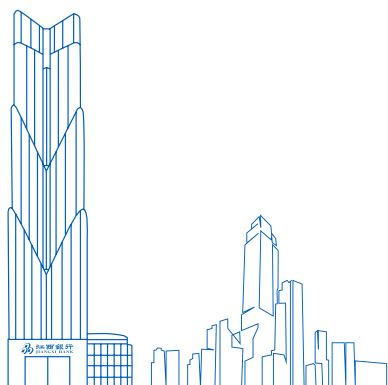
As of the end of the Reporting Period, the Bank had 227.6 thousand individual VIP customers, with an increase of 24.7 thousand or 12.17% from the end of last year. The financial assets of the individual VIP customers reached RMB88.532 billion, with an increase of RMB9.263 billion or 11.69% from the end of last year.

3.8.3 Financial Markets Business

(1) Money market business

During the Reporting Period, the PBoC’s monetary policy placed more emphasis on flexibility, but did not change the policy principle that “prudent monetary policy will be eased or tightened to the right degree.” The Bank paid close attention to financial regulation and monetary policy changes, put stability in the first place, and took the initiative to adapt to changes in the money market and anticipate the trend of changes, to guarantee the safety of liquidity, and improve the efficiency of capital use.

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 had been RMB15.661 billion, accounting for 3.51% of the Group’s total assets, and the balance of the Bank’s deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements had been RMB47.865 billion, accounting for 11.61% of the total liabilities of the Bank.



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(2) *Investment in securities and other financial assets*

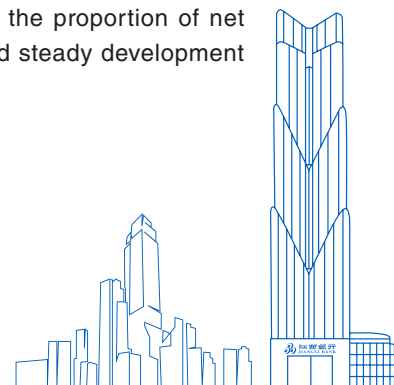
During the Reporting Period, the Bank earnestly implemented policies and guidelines, deleveraged and reduced passageway business so as to back to business fountainhead. First, it took advantage of the local provincial-level legal person bank to focus on providing the Bank's customers with comprehensive financing services in financial market. Second, it maintained the overall stable for investment business scale and gradually increased the proportion of standardized assets.

As of the end of the Reporting Period, the total amount of the Bank's investment in bonds, investment products under the trust plan, investment products under the securities company's management and other financial products had been RMB189.944 billion; the Bank's total bond investment was RMB41.285 billion, investment products under the trust plan, investment products under the securities company's management and other financial products totaled RMB147.348 billion.

(3) *Assets management business*

In the first half of 2019, the Bank focused on the working concept of "preventing risk, practicing internal strength, and promoting development" and 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 RMB34.063 billion, an increase of 0.96% from the same period of last year. The product scale was basically the same as that of the same period of last year. During the Reporting Period, the Bank continued to reduce the scale of interbank wealth management and principal guaranteed wealth management according to regulatory requirements. As of the end of the Reporting Period, the scale of interbank wealth management was RMB700 million, a decrease of RMB1.3 billion or 65% over the same period of last year. The size of principal guaranteed wealth management was RMB1.228 billion, a decrease of RMB1.038 billion or 45.81% over the same period of last year.

In order to reform the supporting system for new products, the Bank will focus on optimizing and standardizing the work in respect of qualified investor identification, product information disclosure, asset investment allocation, risk compliance management, personnel training and education, as well as system development and construction. The Bank will focus on enriching the types of wealth management products, boosting the sales of net worth wealth management products, and increasing the proportion of net worth wealth management products, to promote the sustained and steady development of the Bank's wealth management business.



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3.8.4 Network Finance Business

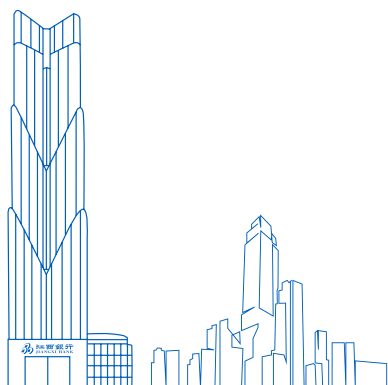
During the Reporting Period, the Bank adhered to the “customer-oriented” service concept, focused on building a financial service channel with integrated development of online and offline businesses, extended online financial services through mobile banking, online banking, telephone banking, and WeChat banking, and increased the customer management and control function regarding expiration of certificate and the Fortune Mall (財富商城) project, which effectively maintained customers’ legitimate rights and interests and enhanced the customer experience.

Mobile banking: During the Reporting Period, the Bank’s mobile banking increased the customer management and control function regarding expiration of certificate in accordance with regulatory requirements, and further carried out the verification of individual customer’s identity information to safeguard the legitimate rights and interests of depositors. As of the end of the Reporting Period, the total number of mobile banking customers reached 829,700, a year-on-year increase of 33.71%. During the Reporting Period, there were 66.3415 million transactions in mobile banking, a year-on-year increase of 35.59%; the transactions totaled RMB82.178 billion, a year-on-year increase of 21.35%.

Online banking: During the Reporting Period, the Bank added the Fortune Mall, a new service, to its online banking to provide customers with a diverse, economical and flexible platform for point redemption as well as customization, delivery and after-sales services, thus effectively enhancing customer activity. As of the end of the Reporting Period, the total number of online banking customers of the Bank reached 1.2303 million, up by 25.23% year on year; among them, there were 1.1847 million personal online banking customers and 45,600 enterprise online banking customers. During the Reporting Period, the number of personal online banking transactions in the Bank reached 75.2098 million, a year-on-year increase of 99.12% and total transaction value reached RMB113.558 billion, a year-on-year decrease of 18.44%; enterprise online banking transactions totaled 35.0247 million, down by 25.49% year on year and total transaction value reached RMB621.199 billion, up by 2.63% year on year.

Telephone banking: During the Reporting Period, the customer service center received a total of 717,900 calls from customers, with an average daily rate of 3,966 calls, 94.23% telephone connection rate, and 99.36% customer satisfaction.

WeChat banking: As of the end of the Reporting Period, the Bank’s WeChat Official Account had a total of 725,400 followers, up by 7.19% from year on year.



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3.8.5 International Business

During the Reporting Period, the Bank actively responded to the national strategies of “The Belt and Road Initiative” and “Going Global”, always adhered to the customer-oriented service concept, vigorously developed products such as international settlement, trade financing, cross-border financing, domestic letter of credit and forfaiting, so as to give full play to professional advantages, provide customers with diversified and integrated cross-border financial service solutions, constantly optimize the international business product system, and improve the integrated financial services capabilities.

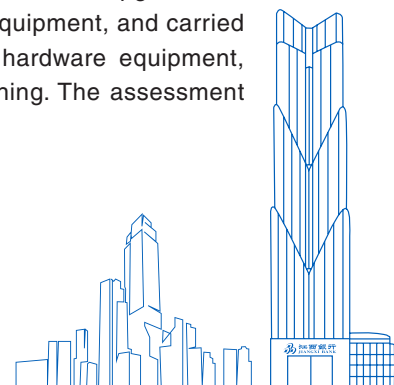
During the Reporting Period, the international business scale of the Bank increased significantly. As of the end of the Reporting Period, the Bank accumulatively handled international settlement of USD1.95 billion, up by 11.88% year on year; the balance of on-balance-sheet and off-balance-sheet financing reached RMB4.643 billion, basically flat from the same period of the previous year; the business volume of domestic letter of credit was RMB1.829 billion, up by 105.16% year on year; the business volume of domestic forfaiting was RMB2.140 billion, up by 78.78% year on year.

3.8.6 Informatization Construction

In the first half of 2019, based on the plan formulated at the beginning of the year, the Group closely focused on the work objectives of ensuring the security and stability of information, promoting the innovation of financial technology, and upgrading the level of scientific and technological support, to further promote informatization construction.

First, the Bank carried out an “Action”: The Bank completed most of the established work objectives of “Science and Technology Action” on schedule and in good quality, and solemnly released two small and micro credit products, namely Micro Enterprise Loan and Handheld Micro Loan. Two financial technology products, namely Smart Credit and Intelligent Recovery, also entered the commissioning phase.

Second, the Bank did a good job in two “maintenances”: The Bank maintained the support of the Bank’s information system for its business, and continued to promote the construction of 51 IT projects such as handheld bank, big data platform, Internet-based personal loan, and smart branch, monitored, maintained and optimized more than 120 information systems, increased support for business and improved the effectiveness of internal management. The Bank maintained the security and stability of its information, and continued to upgrade the security management system, anti-virus software and network security equipment, and carried out security protection work such as self-inspection of software and hardware equipment, protection of network attack, penetration testing, and vulnerability scanning. The assessment of information security management for 2018 was also completed.



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Third, the Bank promoted three “enhancements”: The Bank enhanced the support of science and technology for the front line, conducted investigations among many sub-branches in Ganzhou, Ji’an, Hongcheng, Gaoxin, etc., discussed the construction framework of featured products, and collected a total of more than 160 technical problems encountered by frontline employees and suggestions for the system, which were analyzed one by one for resolution. At the same time, the Bank completed the teasing of its financial products and made presentations among sub-branches. The Bank enhanced the management level of business testing, strengthened the Bank’s management of needs and testing and improved the quality of information system construction by improving testing environment, continuously conducting data desensitization, implementing management and control of test version and other measures. The Bank enhanced the operation and maintenance level of its information system, initially established the standardized operation and maintenance standards applicable to the Bank, achieved the automation and intelligentization of the system operation and maintenance, and tried to identify risks in advance through data analysis and achieved results.

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 has always adhered to the development direction of “based in Jiangxi, facing the whole country, looking forward to the international market, and providing professional financial leasing services”, effectively served the national strategies including the “Belt and Road Initiative”, Yangtze River Economic Zone and the Revitalization of the Former Central Soviet Area, mainly supported public water conservancy facilities, advanced manufacturing, transportation, tourism development, energy and chemical engineering, medical and health care, agriculture, forestry, animal husbandry and fishing, and cultural education, and made achievements in the asset scale and business innovation.

As of the end of June 2019, the total assets of Jiangxi Financial Leasing reached RMB17.916 billion, representing an increase of 14.58% as compared with RMB15.636 billion at the beginning of the year. From January to June 2019, it realized operating income of RMB382 million, up by 106.67% year-on-year; realized profit before provision of RMB332 million, up by 138.85% year-on-year; and realized net profit of RMB131 million, up by 114.75% year-on-year. All the regulatory indicators were up to standard. As of the end of June 2019, the financial leasing assets of Jiangxi Financial Leasing were normal and there were no non-performing assets; the balance of provision for financial



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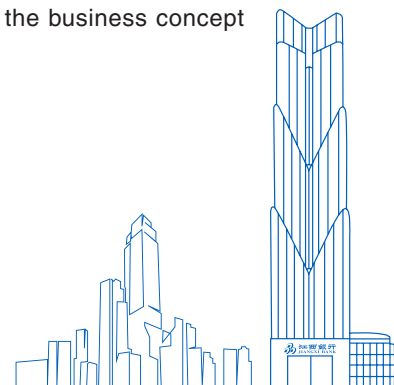
leasing assets was RMB506 million, and the allowance to gross loan ratio of financial leasing assets was 2.99%, representing an increase of 9.20% as compared with 2.74% at the beginning of the year. In the first half of 2019, it issued loans with a total amount of RMB5.271 billion under various leasing businesses. In particular, it issued loans of RMB3.526 billion in Jiangxi province, accounting for 66.89%. As of the end of June 2019, Jiangxi Financial Leasing obtained an interbank credit line of RMB57.301 billion from 103 financial institutions, representing an increase of 15 in the number of financial institutions and RMB8.18 billion in credit line as compared with the end of last year. The available credit line was sufficient, and the liquidity indicators were within an appropriate range, which guaranteed the Company's needs for continuous issuance of loans and the payment of due liabilities.

In the future, Jiangxi Financial Leasing will closely follow the plan to develop "Internet finance", "car leasing" and "green leasing", make the best of the characteristics of "financing capitals + financing goods", and stick to the sustainable development path featuring differentiation, specialization and professionalization.

(2) *Immaterial businesses of affiliated enterprises*

As of the end of the Reporting Period, the Bank initiated and established 5 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), Jinxian Ruifeng County Bank Co., Ltd. (進賢瑞豐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). As of the end of the Reporting Period, total assets of these village and township banks were RMB2.488 billion, up by RMB134 million from the end of last year; total amount of loans was RMB1.406 billion, up by RMB174 million from the end of last year; total liabilities were RMB2.03 billion, up by RMB136 million from the end of last year.

The village and township banks initiated and established by the Bank actively implemented the Group's overall development strategy, adhered to the general tone of making progress while maintaining stability, and abided by the business policy of serving agriculture, rural areas and farmers, and set solid groundwork in county regions, supporting small and micro businesses and serving agriculture, rural areas and farmers, adhered to the business guiding ideology of compliance and law, which has further improved the structure and level of corporate governance, clarified the market positioning of serving agriculture, rural areas and farmers, and thoroughly implemented the business concept of supporting agriculture and supporting small areas.



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3.9 PLEDGED ASSETS OF THE GROUP

For details of pledged assets of the Group, please see note 38(f)(i) to the unaudited interim financial report.

3.10 RISK MANAGEMENT

3.10.1 Credit Risk Management

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

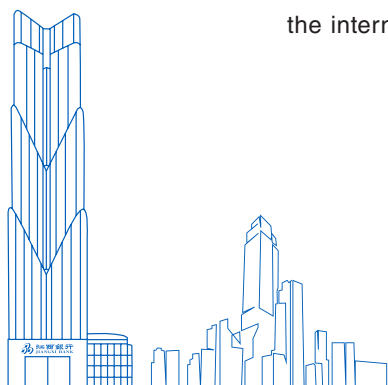
The Bank established a credit risk management structure consisting of the Board and its risk management committee, the Board of Supervisors, and members of the senior management. The Bank aims to establish a scientific and perfect credit risk management system, guides and standardizes crediting business operation and credit risk management, and establishes a prudent credit risk management culture.

During the Reporting Period, the Bank improved the crediting management mechanism, optimized the application of internal retail evaluation, strengthened the system construction and strictly controlled the credit risk.

First, the crediting management mechanism was improved by improving the system of pre-loan investigations, concurrent review during the loan period and post-loan inspection, as well as developing differentiated management and control programs, so as to effectively prevent credit risks.

Second, the application of big data-driven system for risk monitoring was strengthened by continuously introducing external data, such as external information from tax, public statements and public opinions and other shared information, as well as practically controlling customer access before real loans, so as to gradually realize post-loan monitoring for online loan business and penetrate management on credit business of asset pools.

Third, the application of internal retail evaluation was optimized by strengthening communication with external consulting companies, creating a small micro-evaluation model and promoting automated approvals within the retail business, so as to enhance the discriminatory power of the internal evaluation model.



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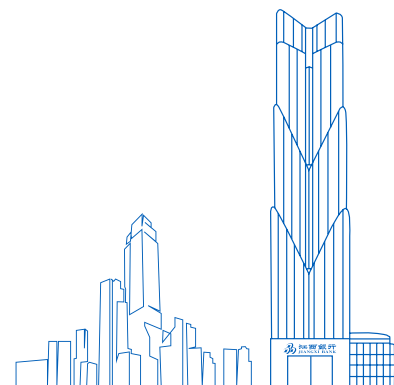
3.10.2 Liquidity Risk Management

During the Reporting Period, the Bank conducted liquidity risk management by:

- (1) Attending to the matching of the terms of assets and liabilities; making analyses based on specific funding sources; continuously marketing general deposits to obtain stable long-term funds; constantly widening the channels of interbank financing to for timely liquidity replenishment; and carefully and moderately regulating the growth of medium-term and long-term assets, so as to maintain a relatively balanced development of assets and liabilities. As of June 30, 2019, the Group's gearing ratio (total liabilities over total assets) was 92.26% and its liquidity coverage ratio was 179.59%. The balance of qualified high-quality liquid assets was RMB23.404 billion, and the amount of net cash outflow in the next 30 days was RMB13.032 billion.

Item	As of June 30, 2019 Amount	As of March 31, 2019 Amount	As of December 31, 2018 Amount
	(in millions of RMB)		
Net stable funding ratio	127.25%	125.25%	130.14%
Available stable funding	318,131.30	303,492.64	294,454.14
Required stable funding	249,997.75	242,316.36	226,258.35

- (2) Strictly monitoring the daily daytime liquidity to flexibly adjust the Group's daytime fund position and position limit.
- (3) Continuously optimizing the Group's multi-layer liquidity management mechanism, keeping the proportion of high-quality liquid assets within a reasonable range, monitoring the liquidity status of various assets and improving the asset portfolio accordingly.
- (4) Setting the corresponding liquidity limit amount or percentage from the perspective of liquidity risk management and the results of the Bank's liquidity stress test to achieve the purpose of balancing liquidity risks.



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3.10.3 Market Risk Management

Market risks refer to the risks of loss of banks' on- and off-balance sheet business arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices, which exist in the trading and non-trading business of banks. The market risks faced by the Bank are mainly transaction book interest rate risk and bank book exchange rate risk.

The Bank established a market risk management structure consisting of the Board and its risk management committee, the Board of Supervisors, and the senior management. The Board is the highest decision-making body for market risk management and bears the ultimate responsibility for market risk management.

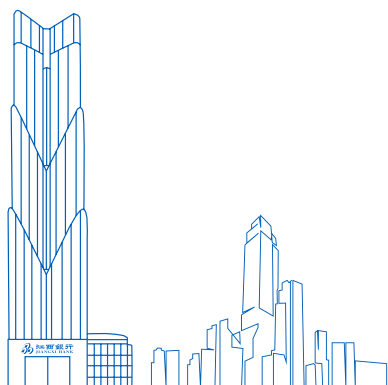
(1) *Interest rate risk*

During the Reporting Period, the Bank reinforced policy orientation, strengthened risk monitoring, and improved market research and decision-making.

First, the Bank kept on reinforcing policy-oriented management of market risks, improved the policies for managing risks in bond business and standardized the operational procedures for non-financial corporate debt financing instruments.

Second, by continuously carrying out market risk monitoring and reporting, the Bank conducted the analysis on price and interest rate as well as on profit and loss based on the expansion of monitoring coverage. By conducting stress tests, the Bank enriched the coverage and scenarios of the stress tests, applied the results to risk limit control and regularly monitored the execution of risk limit.

Third, the Bank continued to improve its ability in market research and decision-making to enhance its decision-making based on macroeconomic and monetary policies. It also formulated transaction strategies on a monthly basis, and took advantage of the market fluctuation to increase revenue from transaction's bid-ask spread.



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(2) *Exchange rate risk*

Exchange rate risks refer to risks which adversely affect the position level and cash flow of foreign exchange exposure held by the Bank due to exchange rate fluctuations. The exchange rate risks the Bank faces mainly include transaction risks and conversion risks. Transaction risks refer to the possibility that the Bank suffers loss due to exchange rate fluctuations when the Bank engages in foreign exchange purchase and sale business with the customer or provides loan or makes investment in foreign currency and in the subsequent foreign exchange activities. Conversion risks refer to risks bringing the Bank accounting gains and losses because the foreign exchange items on the balance sheet of the Bank change in full due to the change of the exchange rate. During the Reporting Period, the Bank had relatively small foreign exchange risk exposure. Before obtaining the qualification for trading of derivatives, the Bank's primary principle for controlling exchange rate risk is to match asset and liability denominated in every currency to the greatest extent, conduct monitoring over the foreign currency exposure on a daily basis, and execute the transaction for position-closing of foreign exchange settlement and sales in due time to prevent currency exchange loss arising from exchange rate fluctuation.

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

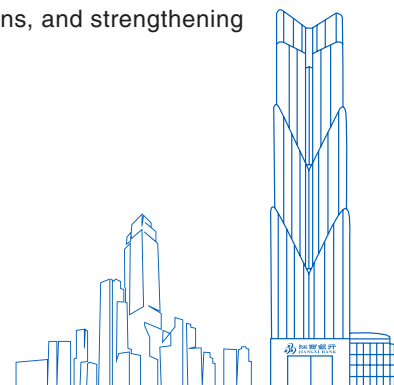
3.10.4 Operational Risk Management

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

The Bank established an operational risk management structure consisting of the Board and its risk management committee, the Board of Supervisors and members of the senior management.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen operational risk management and case risk prevention:

- (1) Deepening supervision and inspection efforts, while focusing on the management of operational risks. On the one hand, the Bank focused on the key tasks, including carrying out special inspections under the theme of "prohibited acts" against the priority areas, such as "three investigations" in credit operations, seal management, business authorization management, and management of accounts for fund supervision. On the other hand, the Bank comprehensively implemented the annual plan on internal control and compliance inspection by accelerating the problem rectifications, and strengthening the adoption of internal accountability.



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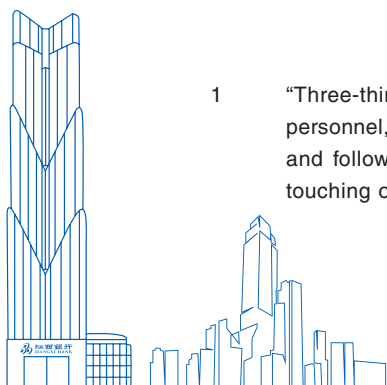
- (2) Strengthening behavior control and rectifying employees' abnormal behaviors. The Bank initiated the "three-thirds" system¹ for swindle prevention control, and disciplined each branch to screen employees' abnormal behaviors on a quarterly basis and report the questionable list as required. At the same time, it conducted "look-back" inspections against the employees' business engagements and shareholdings, abnormal account funds, etc., so as to further screen employees' abnormal behaviors.
- (3) Clarifying the behavioral boundaries and strengthening the employees' responsibility for swindle prevention control. The Bank further sorted out the prohibited behaviors of employees to clarify the boundaries of employee behaviors, organized and carried out massed learning activities and warning educations on swindle prevention control, and signed the responsibility contracts of swindle prevention control and the commitment letters on employees' behaviors, to ensure each branch person in charge to fully fill his/her responsibilities for the swindle prevention control.
- (4) Optimizing system functions and supporting risk management tools. Firstly, the Bank continued to implement Phase II construction of the "three-in-one" system for internal control compliance and operational risk management, and promoted operational risk management tools. Secondly, the Bank improved its key risk indicator system to continuously monitor key operational risk indicators. Thirdly, it comprehensively collected information relating to losses caused by operational risks, hereby revealed the key operational risk areas that generate actual losses and proposed effective measures to strengthen management.

During the Reporting Period, the Bank's operational risk management system operated smoothly and the operational risks were controllable on the whole.

3.10.5 Information Technology Risk Management

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

1 "Three-thirds" system for violation prevention: The Bank held on to "three key aspects" (key positions, key personnel, and key links), conducted "three self-actions" (self-inspection, self-correction, and self-reporting), and followed the principle of "three nos" (no crossing of red lines, no breaking of bottom lines, and no touching of high-tension lines).



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The goal of the Bank's information technology risk management is to realize the identification, monitoring, evaluation and control of information technology risks by establishing an effective mechanism, so as to promote the safe, continuous and steady operation of the Bank's information system. The Bank comprehensively implemented the policies and regulations of the national competent and regulatory authorities, and effectively played the role of the three defense lines of information technology risk management involving the information technology department, risk management department and audit department as the main body, and made a series of efforts to improve the level of information technology risk management. Firstly, the Bank carried out various forms of maneuvers to test its business continuity, and implemented actual maneuvers of switching between the host and the backup computers for the electronic commercial draft system, the international settlement system, and the ComStar back-end system for domestic currency fund management. Secondly, the Bank continuously implemented life cycle management for its projects, "go-live" risk reviews and evaluations on important information system projects, and continuous risk management for key development projects and emergency projects. Thirdly, the Bank carried out assessments on the contingency plans of the Bank's business. Based on the results of the business impact analysis, the Bank conducted comprehensive assessments on all of its important business and emergency systems for its key information systems, and conducted compliance and comprehensive inspection on each contingency plans. During the Reporting Period, all the production systems of the Bank were in good working condition without any material risk events rising from information technology risks.

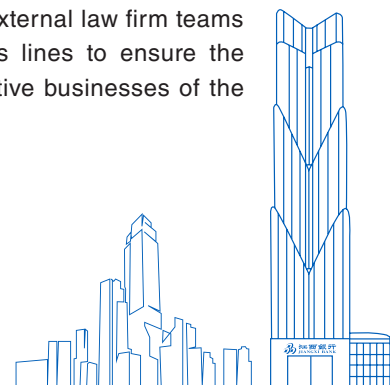
3.10.6 Legal and Compliance Risks

(1) Legal risks

Legal risks refer to the risks 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 Group.

During the Reporting Period, the Bank mainly adopted the following measures to prevent and control legal risks:

1. Conducting effective management and strengthening legal risk prevention. Corresponding departments of the Bank headquarters and branches reviewed the contracts of various business segments of the Bank, formulated standardized texts for frequent business activities, and required a legal review for non-standardized text before it being sealed and issued, so as to reduce the legal risks in business activities. At the same time, it also employed a number of external law firm teams to serve as special legal advisors for important business lines to ensure the prevention and disposal of legal risks in major and innovative businesses of the Bank.



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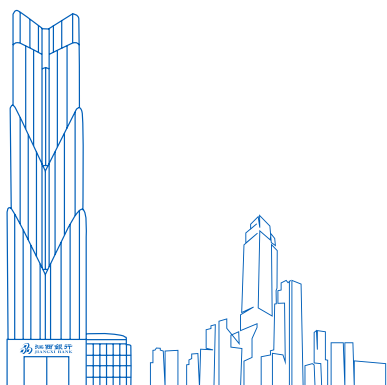
2. Improving the quality and effectiveness of legal management with the support of science and technology. The Bank has built an internal control, compliance management and operational risk “three-in-one” full-featured management platform as an important tool for internal control legal compliance management to realize the systematic and intelligent management of legal affairs such as legal text review and litigation case management and greatly improve the quality and effectiveness of the Bank’s legal risk management.
3. Enhancing the legal awareness of all employees with multi-party advocacy. The Bank actively carried out study and training on legal risk prevention, control and disposal to raise the awareness and level of employees. In addition, it conducted argumentation research and formed risk warnings for new external policies and the common legal risks during the operation and management of the Bank to remind employees to prevent and reduce the occurrence of legal risk events.

(2) Compliance risks

Compliance risks refer to the risks 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 mainly adopted the following measures to strengthen compliance risk management:

1. Conducting self-inspections and implementing various inspections and screenings. According to the relevant work arrangements of the local bureau of CIRC, the Bank welcomed external inspections, carried out self-inspections and self-correction activities, risk screenings for some key areas, and other special screening activities, such as activities for “consolidating the fruits of chaos governance and promoting compliance”, chaos governance in insurance intermediary market, to find out the causes of various violations and correct them in a timely manner, thus strictly enforcing the internal accountability, strengthening the source rectification, and effectively resolving the compliance risks.
2. Strictly checking and strengthening the review on rules and regulations. During the Reporting Period, the Bank had reviewed the new and revised systems in an efficient and quality manner by means of timely benchmarking the latest laws and regulations, regulatory requirements and industry standards, to effectively prevent the risks in systems, legal and compliance. At the same time, it paid attention to the compliance risk in innovation business. On the basis of safeguarding the antecedence of new products and new business systems, the Bank actively carried out risk assessments on new products and new businesses to improve the institutional regulations from multi-angles and multi-aspects.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

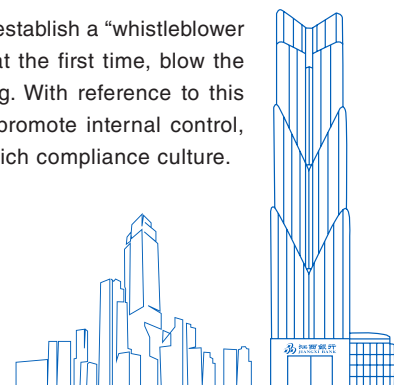
3. Taking multiple measures to effectively enhance compliance awareness. Firstly, the Bank carried out various special rectification activities such as “whistling action¹”; internal control, swindle prevention control and compliance in innovative ways, to further create a rich compliance culture. Secondly, the Bank conducted regular key system tests to help employees master the rules and regulations. Thirdly, it continued to carry out compliance promotion and education by various means, such as feeding information via “Jiangxi Bank Compliance Academy”, its WeChat official account, writing and publishing compliance risk tips, so as to continuously update the employees’ compliance knowledge system.

(3) Money laundering risks

During the Reporting Period, the Bank earnestly fulfilled its anti-money laundering obligations under the purpose of “risk-based supervision”.

1. Highly valued and communicated the latest regulatory policies. The Bank had convened leader group symposiums for anti-money laundering to learn, convey the spirit of the anti-money laundering work conferences and monitor the relevant work in a timely manner, and coordinated the formulation of the annual work plans, which make it able to deploy, arrange and implement the anti-money laundering work. At the same time, the Bank compiled the anti-money laundering work system for 2017-2018 to make the anti-money laundering personnel of the Bank able to understand, know and fulfill their responsibilities.
2. Taking the initiative to improve the risk prevention and control mechanism. The Bank vigorously promoted key projects, such as high-risk customer control, data improvement for doubtful information of customers, to ensure that risk management is compatible with business development.
3. Focusing on key points and deepening the investigation in risk areas. The Bank organized a series of rectification and screening activities, such as attacks on mafia-like gangs and illegal fund-raising, which identified potential risks in time, and provided strong compliance supports for the efficient operation of businesses.

1 Whistling action: Many countries in Europe and America have legislated to establish a “whistleblower system”, that is, internal employees detect the problem in the first place at the first time, blow the whistle, and curb the problem by mutual supervision and whistle-blowing. With reference to this concept, the Bank conducted the “whistling action”, a special activity to promote internal control, compliance and violation prevention throughout 2019, to further create a rich compliance culture.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

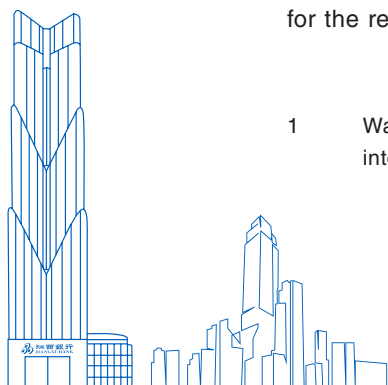
4. Vigorously carrying out publicity and education in diversified and innovative methods. The Bank promoted the knowledge of illegal fund-raising prevention by actively carrying out publicity and education with the theme of “working together to create a protection net, make common efforts to prevent and govern illegal fund-raising”, participating in centralized publicity, utilizing “Internet +” publicity model, and carrying out activities with the theme of “walking into five scenarios”¹ (五走進), so as to improve the public’s ability to identify fake and prevent fraud and effectively play the Bank’s role of sentry in illegal fund-raising prevention.
5. Always working hard to strengthen supervision and inspection efforts. In order to improve the compliance and performance capabilities of the anti-money laundering workforce, the Bank paid close attention to rectification and accountability, with a view to achieving rectification based on inspections, while becoming professionalism by way of rectification, for example, it implemented numbers of special on-site supervisions for all of its branches, investigated the enforcements in issues such as system construction for anti-money laundering and internal control, re-identification of high-risk customers, and beneficial owner identification.
6. Consolidating foundation and improving the holding power of science and technology. The Bank constructed a unified monitoring and early warning platform for anti-money laundering, and improved the accuracy of early warning by rebuilding the reporting interface for large and suspicious transactions, while fully optimizing the quality of the Bank’s underlying transaction data with the help of emerging big data technology.

3.10.7 Reputational Risks

The reputational risks refer to the risks of stakeholders’ negative comments on commercial bank due to operation, management and other activities or external events of the commercial bank.

The Bank has established a sound governance structure for reputational risk management. The Board shall oversee the overall situation and effectiveness of the Bank’s reputational risk management, and assumes the ultimate responsibility for it. The senior management is responsible for the specific management of reputational risks. The office of the Bank is the leading reputational risk management department. Each department of the Bank has direct responsibility for the reputation risk management within the terms of reference and the management line of that department. Each branch of the Bank takes the overall responsibilities for the reputational risk events within its terms of reference.

1 Walking into five scenarios: walking into the enterprise, walking into the property for sale, walking into the community, walking into the campus, and walking into the township



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank further improved its reputation risk management system, striving to establish an effective whole-process management and control mechanism that can implement pre-emptive risk preventions, risk mitigations in early stages, active responses in mid-stages, and follow-up tracking to enhance the sophistication of its reputational risk management and the relevant prevention and control capabilities. Firstly, the Bank improved its reputation risk management measures by refining the reputation risk evaluation indicators of each branch, and strengthening the evaluation efforts on each branch. Secondly, it strengthened public opinion monitoring and the relating risk investigation, improved the prevention and warning system, conducted regular risk investigations, clarified internal reporting channels, and strengthened disclosure management. Thirdly, the Bank improved internal control compliance operations, enhanced service levels and quality, so as to control public opinion risks from the source. Fourthly, the Bank further enhanced its ability to respond to reputation risks through professional training and learning. Fifthly, it improved the efficiency of risk disposal through effective internal and external liaison, further clarification on assignment of responsibilities, standardized risk disposal process. Sixthly, the Bank created a good public opinion environment by means of actively launching positive publicity to enhance its brand image.

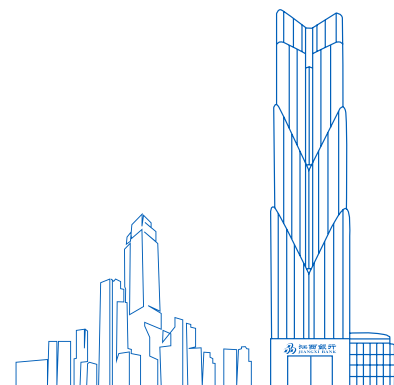
3.10.8 Strategic Risks

Strategic risks refer to the risks 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.

The organizational structure of the Bank's strategic risk management is divided into the Board and its strategic committee, senior management as well as its risk management committee, and Board office.

During the Reporting Period, the Bank comprehensively carried out strategic risk management work based on external situation and operation, regularly monitored strategic risks, assessed and tracked potential strategic risks to be tolerated in the short term, and ensured that the company's strategy is instructive, feasible and scientific for the development of the whole bank.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

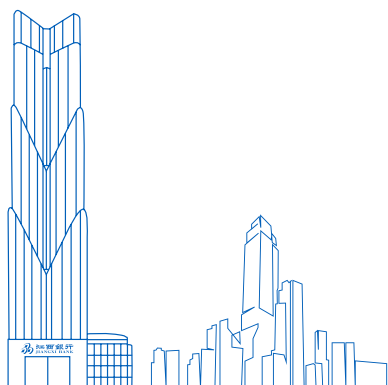
3.10.9 Capital Management

As of December 31, 2017, December 31, 2018 and June 30, 2019, the adequacy ratios of the Group's core tier-one capital were 9.38%, 10.78% and 10.38%, respectively; the adequacy ratios of the Group's tier-one capital were 9.40%, 10.79% and 10.39%, respectively; the adequacy ratios of the Group's capital were 12.90%, 13.60% and 12.99%, respectively.

As of December 31, 2017, December 31, 2018 and June 30, 2019, the Group's leverage ratios were 5.98%, 7.35% and 7.31%, respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios

Item	As of June 30, 2019 Amount (in millions of RMB)	As of December 31, 2018 Amount
Net core tier-one capital	34,075.74	32,279.31
Net tier-one capital	34,120.15	32,315.75
Tier-two capital	8,522.75	8,392.78
Net capital base	42,642.90	40,708.54
Total risk weighted assets	328,386.64	299,426.70
Credit risk-weighted assets	306,595.53	278,075.37
Market risk-weighted assets	3,571.31	3,131.53
Operational risk-weighted assets	18,219.80	18,219.80
Core tier-one capital adequacy ratio	10.38%	10.78%
Tier-one capital adequacy ratio	10.39%	10.79%
Capital adequacy ratio	12.99%	13.60%



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11 SOCIAL RESPONSIBILITIES

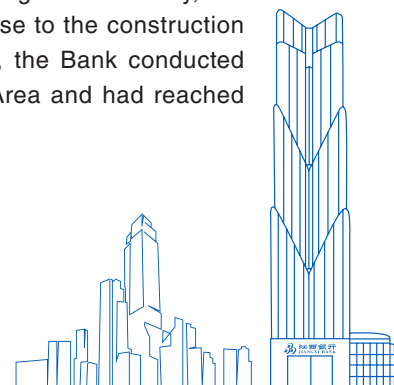
3.11.1 Promote Financial Targeted Poverty Alleviation

The Bank actively implemented the decisions and arrangements of the Party Central Committee and the State Council on winning the crucial battle against poverty, under which it continued to increase poverty alleviation efforts by focusing on deep poverty areas across the province, and fully promoting targeted poverty alleviation. During the Reporting Period, the Bank had 27 poverty alleviation squads to help 32 poor villages in the province, with a total of RMB7.75 million donated funds for poverty alleviation.

The Bank actively explored the new paths of “financial +” targeted poverty alleviation according to local conditions, actively supported key and major projects such as infrastructure construction, urbanization, and shed renovation in 23 poverty-stricken areas of the province through “financing + project poverty alleviation”, “financing + industrial poverty alleviation”, “financing + educational poverty alleviation” and other modes, and employed characteristic products such as “Southern Jiangxi Chengquan Loan”, “Poverty Alleviation Credit Link”, “Huinong Credit Link” and “Zhenbang Loan” to support local characteristic industries such as furniture manufacturing, Southern Jiangxi navel orange and feed processing to improve the local employment environment and help the former Central Soviet Area, such as Southern Jiangxi, to “overcome poverty and solve problems”. As of the end of the Reporting Period, the Bank has set up outlets in 20 national poverty-stricken counties. The credit supply balance in poverty-stricken areas was RMB16.277 billion, increasing by RMB2.885 billion over the end of the previous year with an increase rate of 21.54%. In particular the industrial targeted poverty alleviation loans issued was RMB126 million, which led to the employment of 421 filed households with poverty-stricken personnel, and the individual targeted poverty alleviation loans issued amounted to RMB123 million, which led to the filing of 1,245 poverty-stricken households.

3.11.2 Promote the Development of Green Finance

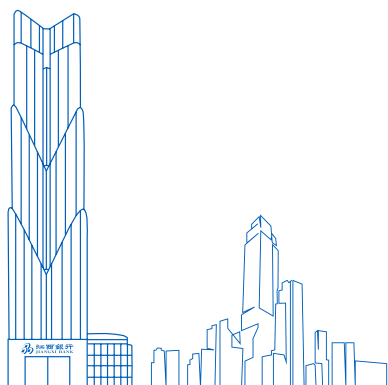
During the Reporting Period, the Bank continued to promote green finance. Firstly, the Bank promoted green credit release. As of the end of the Reporting Period, the Bank has released a total green credit of RMB8.821 billion to such green industrial projects concerning ecological protection and adaptation to climate change, clean energy, pollution control, clean transportation, resource conservation and recycling. Secondly, the Bank facilitated the implementation of “green sub-branch”. As of the end of the Reporting Period, the Bank has completed the screening and identification of 33 green projects jointly with third-party authentication agencies. Thirdly, the Bank enhanced the development model of “green sub-branch”. In response to the construction of Innovation Pilot Zone for the Green Finance of Ganjiang New Area, the Bank conducted cooperation with respect to the green project library of Ganjiang New Area and had reached intentions for 3 major green projects during the Reporting Period.



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3.11.3 Promote the Consumers' Rights Protection

During the Reporting Period, the Bank actively fulfilled its consumer rights protection obligations and constantly promoted the continuous, in-depth and effective efforts on consumer rights protection. Firstly, it implemented fee reduction and price concession measures to fulfill the requirements for inclusive finance. The Bank actively responded to the regulatory policy by cutting and exempting four fee items, and lowering the rates for nine fee items, which greatly reduced the burden on customers, and effectively fulfilled the social responsibility as a financial institution. Secondly, it improved the complaint handling procedure to consolidate the basis for consumer complaint management. In order to effectively shorten the customer service radius and improve customer satisfaction, the Bank focused on building a management system for consumer complaint handling, guided by which it strengthened the normalization and standardization on consumer complaint management, and adopted the national customer service hotline 956055 as its unified telephone channels for consumer complaints. Thirdly, it carried out characteristic publicity to optimize the financial ecological environment for the society. The Bank conducted various publicities on daily financial knowledge such as “3.15 Financial Consumer Rights Day”, “Popularization of Financial Knowledge, Protection of ‘Money Bags’”, etc.; meanwhile, it launched a number of characteristic publicity with themes of preventing illegal fund-raising, preventing telecom fraud and others. With the help of the “Internet +” publicity, the Bank conducted both online and offline efforts, such as producing thematic micro-cinema, feeding financial knowledge tweets on WeChat, producing special poster foldouts and publicity materials, to disseminate financial knowledge into thousands of households, which brought good social effects.



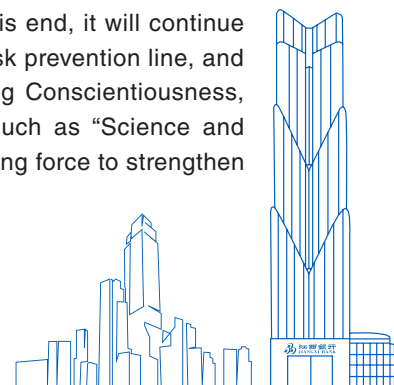
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11.4 Help the Development of Small and Micro Enterprises

During the Reporting Period, the Bank continued to improve the quality and efficiency of services provided by small and micro enterprises. Firstly, the Bank continued to implement the policy of “loan renewal services free of principal repayment”, thus reducing the financing cost of small and micro enterprises. Through the preemptive investigation and loan approval, the Bank achieved “seamless connection” for the normal-operating private and small and micro enterprises in the financing funds consistency, eliminating the step of raising principal repayment funds through the “bridge financing”, and achieving the cost saving of enterprise funds. As of the end of the Reporting Period, the Bank has provided loan renewal services free of principal repayment to small and micro enterprises with a balance of RMB11.841 billion. Secondly, the Bank stepped up the promotion of model innovation of “Internet +” and continuously improved the product system of small and micro enterprises. Responding to the direction of local economic restructuring, and based on industrial value chains with unique features and the business characteristics and investment & financing needs of small and micro enterprises, the Bank actively promoted products such as “Cloud Enterprise Chain”, “Shui e Rong”, “Piao Yi Rong” (票易融) and Talent Bank Innovation and Entrepreneurship to provide exclusive services to campus customers, taxpayers, innovative and entrepreneurial customers and customers in other fields. Thirdly, the Bank continued to enrich the customer obtaining channels for “franchise agency” and create an online financing service network for small and micro enterprises. The Bank established the Small Enterprise Credit Center, a small loan franchise agency with more than 300 professional micro-credit personnel. At the same time, it strengthened the online service functions for small and micro enterprises through products and channels such as corporate mobile banking, “Micro Enterprise Loan” and “Handheld Micro Loan”, which continuously improved the coverage of small and micro finance.

3.12 FUTURE DEVELOPMENT PROSPECTS

At present, the international and domestic economic conditions are still complicated and challenging. Under the circumstance of global economic growth slowdown, the external instabilities and uncertainties increase, while the problem of insufficient and imbalance domestic development is still prominent. Looking forward to the second half of the year, the Central Government will continue to implement proactive fiscal policies, prudent monetary policies and employment priority policies, with a view to stabilize and expand employment and maintain a reasonable and sufficient market liquidity through various measures, such as timely pre-adjustments and fine-tunes, utilization of opposite-periodic adjustment instruments, accelerating the construction of major projects, eliminating hidden obstacles in private investment, and promoting industrial transformation and upgrading. In the second half of 2019, the Group will strive to serve the real economy of Jiangxi Province. To this end, it will continue to strictly implement regulatory requirements, comprehensively build a strong risk prevention line, and continue to optimize the credit structure, by means of effectively strengthening Conscientiousness, sense of responsibility and risk awareness, and using the top ten actions such as “Science and Technology Action”, “Blue Ocean Action” and “Net Intelligence Action” as the driving force to strengthen technology leadership.



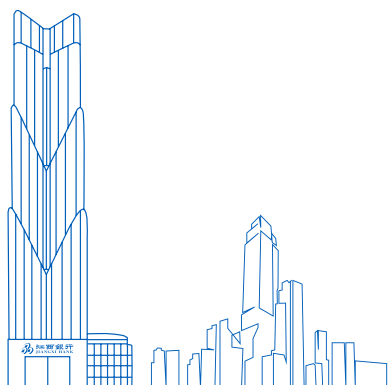
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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, 2019, 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, 2018	Changes in the Reporting Period	As of June 30, 2019
Domestic Shares	State capital	588,211,420	–	588,211,420
	Corporate capital	4,011,284,921	–	4,011,284,921
	Personal capital	79,280,560	–	79,280,560
H Shares		1,345,500,000	–	1,345,500,000
Total		6,024,276,901	–	6,024,276,901



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2 INFORMATION ON SHAREHOLDERS

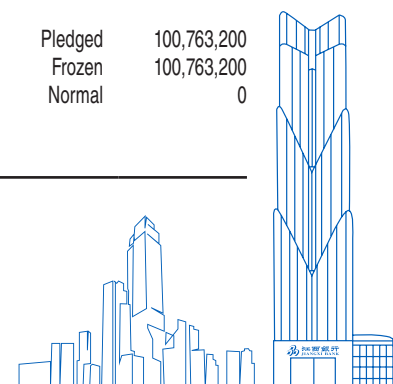
4.2.1 Total Number of Domestic Shareholders

As of June 30, 2019, the Bank had 9,518 Domestic Shareholders, including 31 State shareholders, 284 corporate shareholders and 9,203 natural person 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, 2019	Percentage of total share capital as of June 30, 2019 (%)	Pledged or frozen shares	
					Status of shares	Number
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	State-owned corporate shareholder	937,651,339	15.56	Normal	0
2	Jiangxi Financial Holding Group Co., Ltd.	State-owned corporate shareholder	347,546,956	5.77	Pledged	132,150,000
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	0
4	Nanchang Municipal Bureau of Finance	State shareholder	253,411,300	4.21	Normal	0
5	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	0
6	Jiangxi Province Investment Group Co., Ltd.	State-owned corporate shareholder	180,000,000	2.99	Normal	0
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	General corporate shareholder	140,000,000	2.32	Normal	0
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 Frozen	100,763,200 100,763,200
10	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd.	State-owned corporate shareholder	99,830,800	1.66	Normal	0



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, 2019, 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:

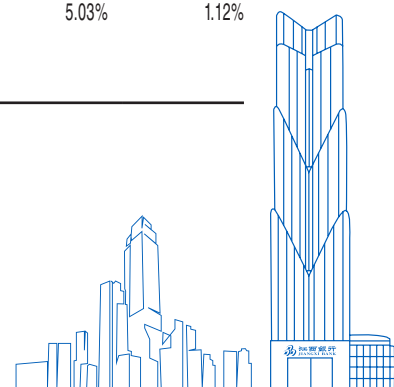
(Unit: share)

Name of shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	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
Jiangxi Provincial Expressway Investment Group Co., Ltd ³	Domestic Shares	Beneficial owner	937,651,339 (L)	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	7.43%	5.77%
China National Tobacco Corporation Jiangxi Branch ⁵	Domestic Shares	Beneficial owner	180,000,000 (L)	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	1.77%	1.38%
Nanchang Municipal Bureau of Finance ⁶	Domestic Shares	Beneficial owner	253,411,300 (L)	5.42%	4.21%
Pingxiang Huixiang Construction Development Co., Ltd. ⁷	Domestic Shares	Beneficial owner	241,088,500 (L)	5.15%	4.00%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	16.28%	3.64%
Road Shine Developments Limited ⁸	H Shares	Beneficial owner	141,268,000 (L)	10.50%	2.34%
CITIC Guoan Group ⁸	H Shares	Interest of controlled corporation	141,268,000 (L)	10.50%	2.34%
Central Huijin Investment Ltd ⁹	H Shares	Interest of controlled corporation	141,268,000 (L)	10.50%	2.34%
Industrial and Commercial Bank of China Limited ⁹	H Shares	Interest of controlled corporation	141,268,000 (L)	10.50%	2.34%
ICBC International Holdings Limited ⁹	H Shares	Interest of controlled corporation	141,268,000 (L)	10.50%	2.34%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

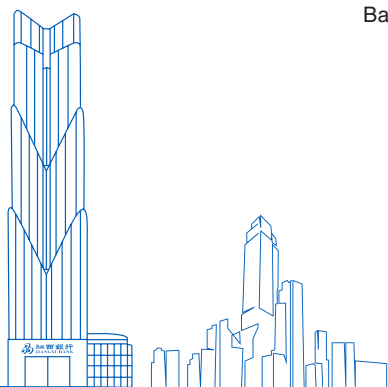
Name of shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
ICBC International Securities Limited ⁹	H Shares	Qualified lender enforces its rights as mortgagee	141,268,000 (L)	10.50%	2.34%
L.R. Capital Financial Holdings Limited ¹⁰	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
AMTD Group Company Limited ¹⁰	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
AMTD Asia Limited ¹⁰	H Shares	Beneficial owner	122,841,500 (L)	9.13%	2.04%
Huaxun International Group Limited	H Shares	Beneficial owner	122,776,000 (L)	9.12%	2.04%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹¹	H Shares	Beneficial owner	94,840,500 (L)	7.05%	1.57%
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) ¹¹	H Shares	Trustee	94,840,500 (L)	7.05%	1.57%
Zhenro Hong Kong Limited ¹²	H Shares	Beneficial owner	77,604,500 (L)	5.77%	1.29%
Zhenro International Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
Zhenro Properties Group Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
RoYue Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
OU Zongrong ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
LIN Shuying ¹²	H Shares	Interest held jointly with another person	77,604,500 (L)	5.77%	1.29%
SHEN Tianqing ¹³	H Shares	Interest of controlled corporation	67,667,000 (L)	5.03%	1.12%
Mingyuan Group Investment Limited ¹³	H Shares	Beneficial owner/ Interest of controlled corporation	67,667,000 (L)	5.03%	1.12%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

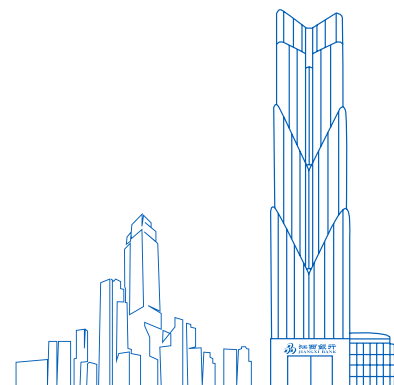
Notes:

1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2019, 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 Expressway Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Expressway Investment Group Co., Ltd., its controlling shareholder and de facto controller both are Department of Transportation of Jiangxi Province (江西省交通運輸廳) and its ultimate beneficiary is Jiangxi Provincial Expressway Investment Group Co., Ltd..
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WEN Zhiming. 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) and its ultimate beneficiary is Jiangxi Financial Holding Group Co., Ltd..
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 ZHOU Enhai. On July 11, 2019, China National Tobacco Corporation Jiangxi Branch changed its legal representative to WANG Jindong (王勁棟). 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) and its ultimate beneficiary is China National Tobacco Corporation Jiangxi Branch.
6. Nanchang Municipal Bureau of Finance (南昌市財政局) is a state shareholder, whose responsible person is WAN Yuyuan. Its ultimate beneficiary is Nanchang Municipal Bureau of Finance.
7. 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) and its ultimate beneficiary is Pingxiang Huixiang Construction Development Co., Ltd..
8. CITIC Guoan Group indirectly holds 141,268,000 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.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

9. ICBC International Securities Limited is interested in the rights enforced by a qualified lender as the mortgagee in 141,268,000 shares of the Bank, and Industrial and Commercial Bank of China Limited indirectly holds 100% of interests of ICBC International Securities Limited through ICBC International Holdings Limited, and Central Huijin Investment Ltd. directly holds 34.71% of interests of Industrial and Commercial Bank of China Limited. Therefore, according to the SFO, Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC International Holdings Limited are deemed to be interested in the H Shares held by ICBC International Securities Limited.
10. 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. L.R. Capital Financial Holdings Limited directly holds 71.03% of the interests of AMTD Group Company Limited. Therefore, according to the SFO, both AMTD Group Company Limited and L.R. Capital Financial Holdings Limited are deemed to be interested in the H Shares held by AMTD Asia Limited.
11. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yichun 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..
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, 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.
13. Mingyuan Group Investment Limited directly holds 30,833,500 shares of the Bank, and indirectly holds 36,833,500 shares through its controlled corporations, including Jiayuan International Group Limited, Jiayuan Investment Management Limited, Jiayuan Financial Holdings Limited and Jiayuan Capital limited. Mingyuan Group Investment Limited is wholly-owned by SHEN Tianqing. Therefore, according to the SFO, SHEN Tianqing is deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

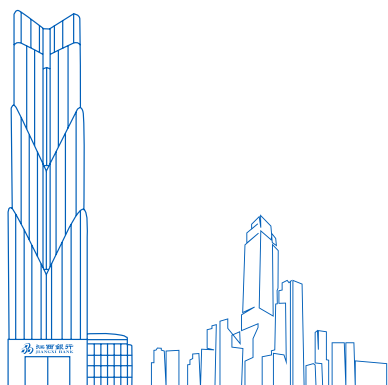
See 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

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 business 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 Expressway Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd., China National Tobacco Corporation Jiangxi Branch, Nanchang Municipal Bureau of Finance and Pingxiang Huixiang Construction Development Co., Ltd., substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total shares but dispatch directors, supervisors or senior executives to the Bank are as follows:

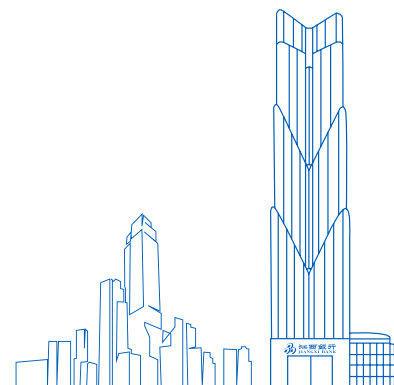
Name of shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Jiangxi Province Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	180,000,000(L)	3.85%	2.99%
Ganshang Union (Jiangxi) Co., Ltd. ⁴	Domestic Shares	Beneficial owner	148,308,400(L)	3.17%	2.46%
Jiangxi Copper Company Limited ⁵	Domestic Shares	Beneficial owner	140,000,000(L)	2.99%	2.32%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

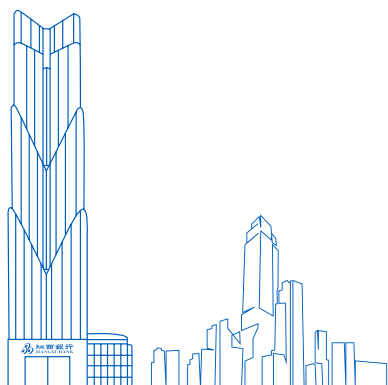
1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2019, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Province Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is JIE Xiaojian. Regarding Jiangxi Province Investment Group Co., Ltd., its controlling shareholder and de facto controller both are State-owned Assets Supervision and Administration Commission of Jiangxi Province and its ultimate beneficiary is Jiangxi Province Investment Group Co., Ltd..
4. Ganshang Union (Jiangxi) Co., Ltd. is a general corporate shareholder, whose legal representative is WU Xuan (伍暄). Its ultimate beneficiary 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 and its ultimate beneficiary is Jiangxi Copper Company Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

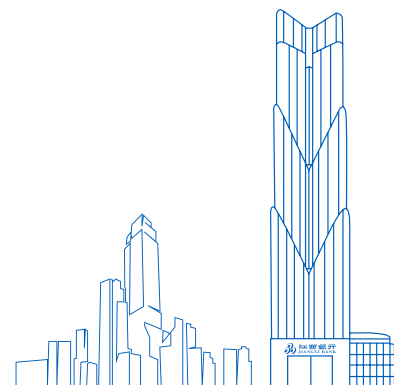
4.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial shareholders	Related parties of substantial shareholders
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Provincial Expressway Investment Group Co., Ltd.: Department of Transportation of Jiangxi Province; 36 wholly-owned subsidiaries including Jiangxi Highway Development LLC, Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Transportation Consulting Co., Ltd.; 6 holding subsidiaries in which Jiangxi Provincial Expressway Investment Group Co., Ltd. directly holds more than 50% (inclusive) shares including 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) and Jiangxi Changtai Expressway Co., Ltd.; 1 brother enterprise: Jiangxi Provincial Port & Waterway Construction Investment Group Co., Ltd.; 2 affiliated enterprises: Jiangxi Ruixun Expressway Co., Ltd. (江西省瑞尋高速公路有限責任公司) and Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd..
2	Jiangxi Financial Holding Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Financial Holding Group Co., Ltd.: Asset Management Center of Administrative Institutions in Jiangxi Province; 2 wholly-owned subsidiaries: Nanchang Dingxiang Real Estate Development Co., Ltd. (南昌鼎祥房地產開發有限公司) and Jiangxi Financial Holding Investment & Development Group Co., Ltd. (江西省金控投資開發集團有限公司); 2 subsidiaries in which Jiangxi Financial Holding Group Co., Ltd. holds more than 50% shares: Jiangxi Rich Futures Co., Ltd. and Jiangxi Re-guarantee Co., Ltd.; 6 joint ventures: Jiangxi Financial Asset Management Co., Ltd., Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), Jiangxi Joint Equity Exchange Center Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Financial Holding Investment Management Center (江西金控投資管理中心), Huitong Huifu Co., Ltd. (匯通匯付股份有限公司); 1 affiliated enterprise: Jiangxi Financial Holding Capital Management Co., Ltd. (江西省金控資本管理有限公司). Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司) and Jiangxi Financial Holding Group Co., Ltd. have the same legal representative.
3	China National Tobacco Corporation Jiangxi Branch	De facto controller and controlling shareholder of China National Tobacco Corporation Jiangxi Branch: China National Tobacco Corporation (中國煙草總公司); 16 wholly-owned subsidiaries including Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司); 2 sub-subsidiaries: Jiangxi Jinfeng Property Management Co., Ltd. (江西省錦峰物業管理有限公司) and Jiangxi Jinfeng Software Technology Co., Ltd. (江西省錦峰軟件科技有限公司).



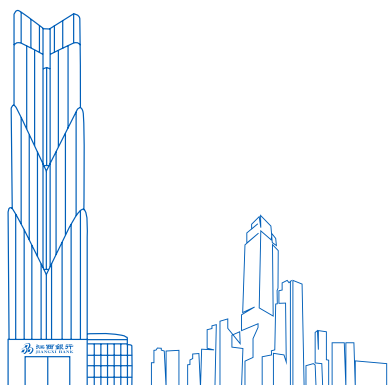
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
4	Nanchang Municipal Bureau of Finance	None
5	Pingxiang Huixiang Construction Development Co., Ltd.	Controlling shareholder of Pingxiang Huixiang Construction Development Co., Ltd.: Pingxiang Huifeng Investment Co., Ltd.; subsidiary: Pingxiang Huiyi Construction Development Co., Ltd. (萍鄉市匯怡建設發展有限公司); joint venture: Pingxiang Jianyu Real Estate Co., Ltd. (萍鄉市建宇置業有限公司). Other enterprise under the control of the same parent company of Pingxiang Huixiang Construction Development Co., Ltd.: Pingxiang Huisheng Industrial Investment Management Co., Ltd. (萍鄉市匯盛工業投資管理有限公司).
6	Jiangxi Province Investment Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Province Investment Group Co., Ltd.: State-owned Assets Supervision and Administration Commission of Jiangxi Province; 6 wholly-owned subsidiaries: Jiangxi Natural Gas Group Co., Ltd. (江西省天然氣集團有限公司), Jiangxi Energy Group Co., Ltd. (江西省能源集團有限公司), Jiangtuo Real Estate Development Co., Ltd. (江西省投資房地產開發有限責任公司), Jiangxi Province Poyang Lake Financial Leasing Co., Ltd. (江西省鄱陽湖融資租賃有限公司), Jiangxi International Advertising Co., Ltd. (江西省國際廣告公司) and Jiangxi Investment Sales Co., Ltd. (江西省投資經營有限責任公司); 11 subsidiaries in which Jiangxi Province Investment Group Co., Ltd. holds 50% shares or more including Jiangxi Dongjin Power Generation Co., Ltd. (江西東津發電有限責任公司), Jiangxi Provincial Jiangtuo Road & Bridge Investment Co., Ltd. and Jiangxi Gan-E-Wan Road & Bridge Investment Co., Ltd. (江西贛鄂皖路橋投資有限公司); 4 relative holding subsidiaries in which Jiangxi Province Investment Group Co., Ltd. holds less than 50% shares including Jiangxi Ganneng Co., Ltd. (江西贛能股份有限公司) and Jiangxi Province Huagan Environment Group Co., Ltd. (江西華贛環境集團有限公司); Enterprise controlling the subsidiaries of Jiangxi Province Investment Group Co., Ltd. including Jiangxi Jiuxian Hotspring Development Co., Ltd. (江西省九仙溫泉開發有限公司); joint venture: Jiangxi Poyanghu Industry Investment Management Co., Ltd. (江西鄱陽湖產業投資管理有限公司); affiliated enterprise: Jiangxi Province Jinggangshan Beiqi Investment Management Co., Ltd. (江西省井岡山北汽投資管理有限公司).



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
7	Ganshang Union (Jiangxi) Co., Ltd.	De facto controller of Ganshang Union (Jiangxi) Co., Ltd.: WU Xuan (伍暉); brother enterprise: Nanchang Yatuo Construction Co., Ltd. (南昌雅拓建築有限公司); other enterprises: Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司) and Jiangxi Luhui Shengyuan Industrial Co., Ltd. (江西麓匯聖源實業有限公司).
8	Jiangxi Copper Company Limited	De facto controller of Jiangxi Copper Company Limited: State-owned Assets Supervision and Administration Commission of Jiangxi Province; controlling shareholder of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Limited; 32 subsidiaries in which Jiangxi Copper Company Limited directly holds 100% shares including Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司); 10 subsidiaries in which Jiangxi Copper Company Limited indirectly holds 100% shares including Sure Spread Limited; 12 subsidiaries in which Jiangxi Copper Company Limited directly holds more than 50% shares including Thermonamic Electronics (Jiangxi) Corp., Ltd; 1 subsidiary in which Jiangxi Copper Company Limited indirectly holds more than 50% shares: Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd. (江西銅業集團(東鄉)鑄造有限公司); three joint ventures: Jiangtong Baitai Environmental Science and Technology Co., Ltd. (江銅百泰環保科技有限公司), Nesko Metal Sanayi ve Ticaret Anonim Sirketi and Jiashi General Partners Co., Ltd. (嘉石普通合夥人有限公司); 7 affiliated enterprises including Minmetals Jiangtong Mine Investment Co., Ltd. (五礦江銅礦業投資有限公司); brother enterprise of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Copper Strip Co., Ltd. (江西銅業集團銅板帶有限公司); other enterprises controlled by the controlling shareholder of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. (江西銅業集團七寶山礦業有限公司).

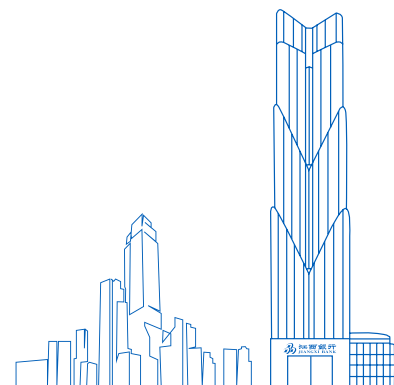


CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

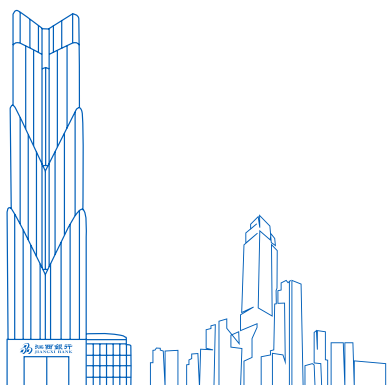
Unit: in millions of RMB

No.	Name of shareholder	Credit balance	Controlling	Credit balance	De facto	Credit balance	Persons	Credit balance	Ultimate	Credit balance	Related	Credit balance	Total
			shareholder of the enterprise		controller		acting in concert		beneficiary		party		
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	1,949.78	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Expressway Investment Group Co., Ltd.	1,949.78	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd.	216.55	2,166.33
2	Jiangxi Financial Holding Group Co., Ltd.	600.00	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.	600.00	Jiangxi Financial Asset Management Co., Ltd. Jiangxi Re-guarantee Co., Ltd. Jiangxi Provincial Credit Guarantee Co., Ltd.	500.00 2.69 969.17	2,071.86
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	-	-	-	-



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of shareholder	Controlling			Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert						
4	Nanchang Municipal Bureau of Finance	-	-	-	-	-	-	Nanchang Municipal Bureau of Finance	-	-	-	-	-
5	Pingxiang Huixiang Construction Development Co., Ltd.	300.00	Pingxiang Huifeng Investment Co., Ltd.	1,750.00	Administration of Pingxiang Economic & Technological Development Zone	-	None	-	Pingxiang Huixiang Construction Development Co., Ltd.	300.00	Pingxiang Huisheng Industrial Investment Management Co., Ltd.	800.00	2,850.00
6	Jiangxi Province Investment Group Co., Ltd.	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Province Investment Group Co., Ltd.	-	Jiangxi Jiuxian Hotspring Development Co., Ltd.	415.80	415.80
7	Ganshang Union (Jiangxi) Co., Ltd.	-	WU Xuan (伍珣)	19.10	WU Xuan (伍珣)	19.10	None	-	WU Xuan (伍珣)	19.10	Nanchang Yatuo Architectural Design Co., Ltd. Jiangxi Kuncheng Investment Co., Ltd.	9.40 56.73	85.23
8	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	-	-	-
Total		2,849.78	-	1,769.10	-	19.10	-	0.00	-	2,868.88	-	2,970.34	7,589.22



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

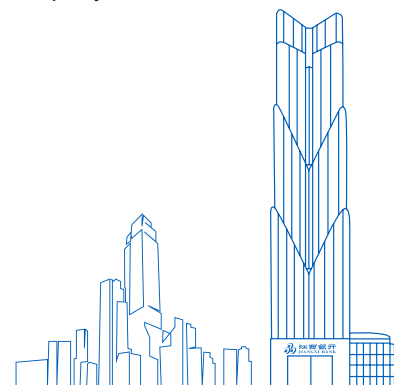
4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

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

- (1) Jiangxi Financial Holding Group Co., Ltd. held 347,546,956 shares of the Bank and pledged 132,150,000 shares, with a pledge rate of 38.02%. The pledgee was Jiangxi Provincial Branch of the Bank of Communications Co., Ltd., with a term of pledge from November 15, 2016 to November 15, 2018.
- (2) 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 (九江銀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) QUE Yong and LI Zhanrong were nominated as Directors by Jiangxi Provincial Expressway Investment Group Co., Ltd.;
- (2) LIU Sanglin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;
- (3) ZHUO Liping (卓莉萍) 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) HUANG Zhenping was nominated as a Director by Pingxiang Huixiang Construction Development Co., Ltd.;
- (6) CHEN Jun (陳璿) was nominated as a Supervisor by Jiangxi Province Investment Group Co., Ltd.;
- (7) YU Han (于晗) was nominated as a Supervisor by Ganshang Union (Jiangxi) Co., Ltd.;
- (8) ZHOU Minhui was nominated as a Supervisor by Jiangxi Copper Company 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

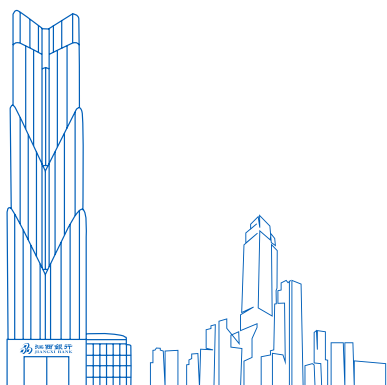
Nil.

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 859,048,758 Domestic Shares held by 34 Domestic Shareholders were pledged, accounting for 14.26% of the Bank's total shares. 152,949,605 pledged shares were judicially frozen and 46,000,000 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, 31 shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 643,006,758 shares were restricted, accounting for 10.67% 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

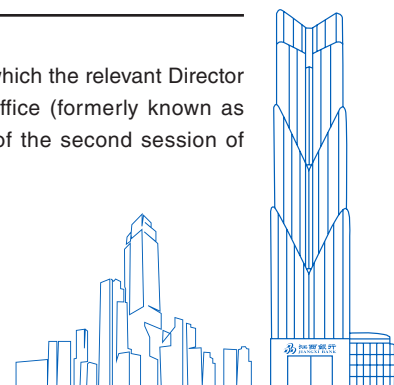
5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS AS OF JUNE 30, 2019

(I) Directors

The Board consists of fifteen Directors, including three executive Directors, six non-executive Directors and six 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 (Note)	Title
CHEN Xiaoming	Male	1966.11	August 2, 2012	Chairman, Executive Director
LUO Yan	Male	1969.2	May 24, 2018	Executive Director, vice chairman, president
XU Jihong	Male	1965.5	May 24, 2018	Executive Director, vice president, secretary to the Board
QUE Yong	Male	1976.7	March 28, 2016	Non-executive Director
LI Zhanrong	Male	1970.11	March 28, 2016	Non-executive Director
LIU Sanglin	Male	1965.10	March 28, 2016	Non-executive Director
ZHUO Liping	Female	1972.12	Under qualification examination	Non-executive Director
DENG Jianxin	Male	1963.8	November 24, 2016	Non-executive Director
HUANG Zhenping	Male	1971.7	Under qualification examination	Non-executive Director
ZHANG Rui	Female	1962.6	March 28, 2016	Independent non-executive Director
ZHANG Wangxia	Female	1977.8	July 12, 2017	Independent non-executive Director
WANG Yun	Female	1966.5	December 20, 2017	Independent non-executive Director
WONG Hin Wing	Male	1962.12	February 12, 2018	Independent non-executive Director
OU Minggang	Male	1967.12	Under qualification examination	Independent non-executive Director
YAN Hongbo	Male	1977.3	Under qualification examination	Independent non-executive Director

Note: The date of appointment as a Director in this report represents the date on which the relevant Director obtained the approval of directorship qualification from CBIRC Jiangxi Office (formerly known as CBRC Jiangxi Office). The term thereof expires at the expiration of that of the second session of the Board.



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

(II) Supervisors

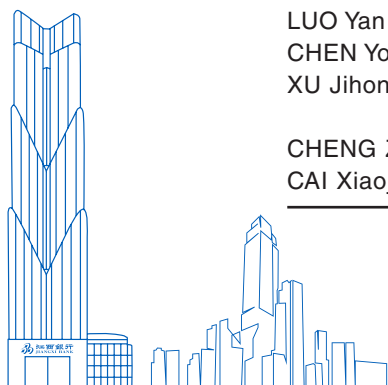
The Board of Supervisors consists of nine Supervisors, including three employee representative Supervisors, three shareholder representative Supervisors and three external Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative 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	Title
LIU Fulin	Male	1963.11	May 31, 2019	Chairman of the Board of Supervisors, Employee Representative Supervisor
SHI Zhongliang	Male	1944.1	May 31, 2019	External Supervisor
LI Danlin	Female	1964.8	May 31, 2019	External Supervisor
SHI Jing	Male	1968.2	May 31, 2019	External Supervisor
CHEN Jun	Female	1975.11	May 31, 2019	Shareholder Representative Supervisor
YU Han	Male	1981.11	May 31, 2019	Shareholder Representative Supervisor
ZHOU Minhui	Male	1964.6	May 31, 2019	Shareholder Representative Supervisor
TAO Yulan	Female	1970.11	May 31, 2019	Employee Representative Supervisor
CHEN Xinxiang	Male	1968.2	May 31, 2019	Employee Representative Supervisor

(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	1969.2	President
CHEN Yong	Male	1962.2	Vice president
XU Jihong	Male	1965.5	Secretary to the Board, vice president
CHENG Zongli	Male	1966.9	Vice president
CAI Xiaojun	Male	1966.11	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

The 2018 Annual General Meeting of the Bank was held on May 31, 2019, which elected the second session of the Board, among which, CHEN Yu, TANG Xianqing and ZENG Zhibin who were non-executive Directors, and GUO Tianyong who was an independent non-executive Director, ceased to be Directors of the Bank; ZHUO Liping and HUANG Zhenping were elected as non-executive Directors; OU Minggang and YAN Hongbo were elected as independent non-executive Directors. The terms thereof commence upon approval of their respective directorship by relevant PRC banking regulatory authorities. Other directors remain unchanged.

5.2.2 Changes of Supervisors During the Reporting Period

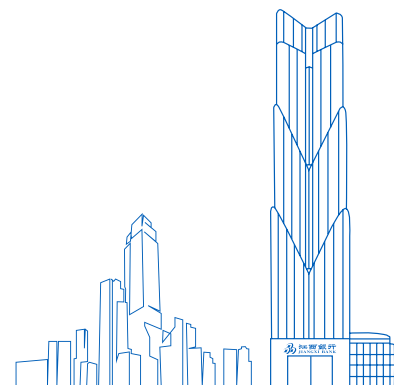
The 2018 Annual General Meeting of the Bank was held on May 31, 2019. Mr. SHI Zhongliang, Ms. LI Danlin and Mr. Shi Jing were elected as the external supervisors of the second session of the Board of Supervisors; Ms. CHEN Jun, Mr. YU Han and Mr. ZHOU Minhui were elected as the shareholder representative supervisors of the second session of the Board of Supervisors. Mr. HUANG Zhenping and Mr. CHEN Chuxin ceased to be the shareholder representative supervisors of the Bank due to the expiry of their respective term.

5.2.3 Changes of Senior Management Members During the Reporting Period

During the Reporting Period, there was no change in the Senior Management Members of the Bank.

5.2.4 Changes in Information of Directors and Supervisors

Ms. WANG Yun ceased to be an independent director of Anyuan Coal Industry Group Co., Ltd. (安源煤業集團股份有限公司) since April 2019.



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, 2019, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Bank 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

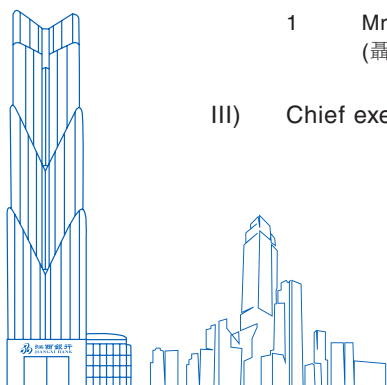
II) Supervisors:

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
LIU Fulin ⁽¹⁾	Employee Representative Supervisor	Domestic Shares	Interest of spouse	2,000	0.000043%	0.000033%
CHEN Xinxiang	Employee Representative Supervisor	Domestic Shares	Beneficial interest	46,901	0.0010%	0.00078%

Note:

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

(1) *By age*

As of the end of the Reporting Period, the Bank had a total of 4,922 employees, including 2,663 employees aged 30 or under, accounting for 54% of the total number of employees; 1,167 employees aged 31 to 40, accounting for 24% of the total number of employees; 970 employees aged 41 to 50, accounting for 20% of the total number of employees; and 122 employees aged over 50, accounting for 2% of the total number of employees.

(2) *By education*

As of the end of the Reporting Period, the Bank had 4,377 employees with a bachelor's degree or above, accounting for 88.9% of the total number of employees, and 545 employees with a college degree or below, accounting for 11.1% of the total number of employees.

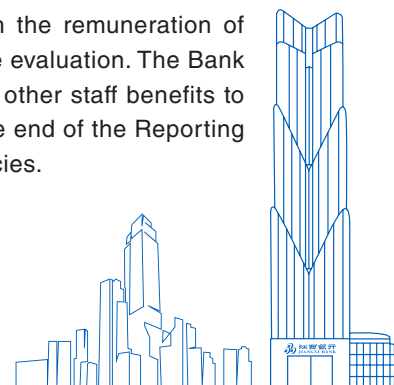
5.5.2 Employee Training Plan

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

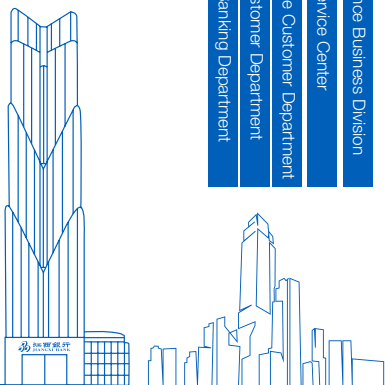
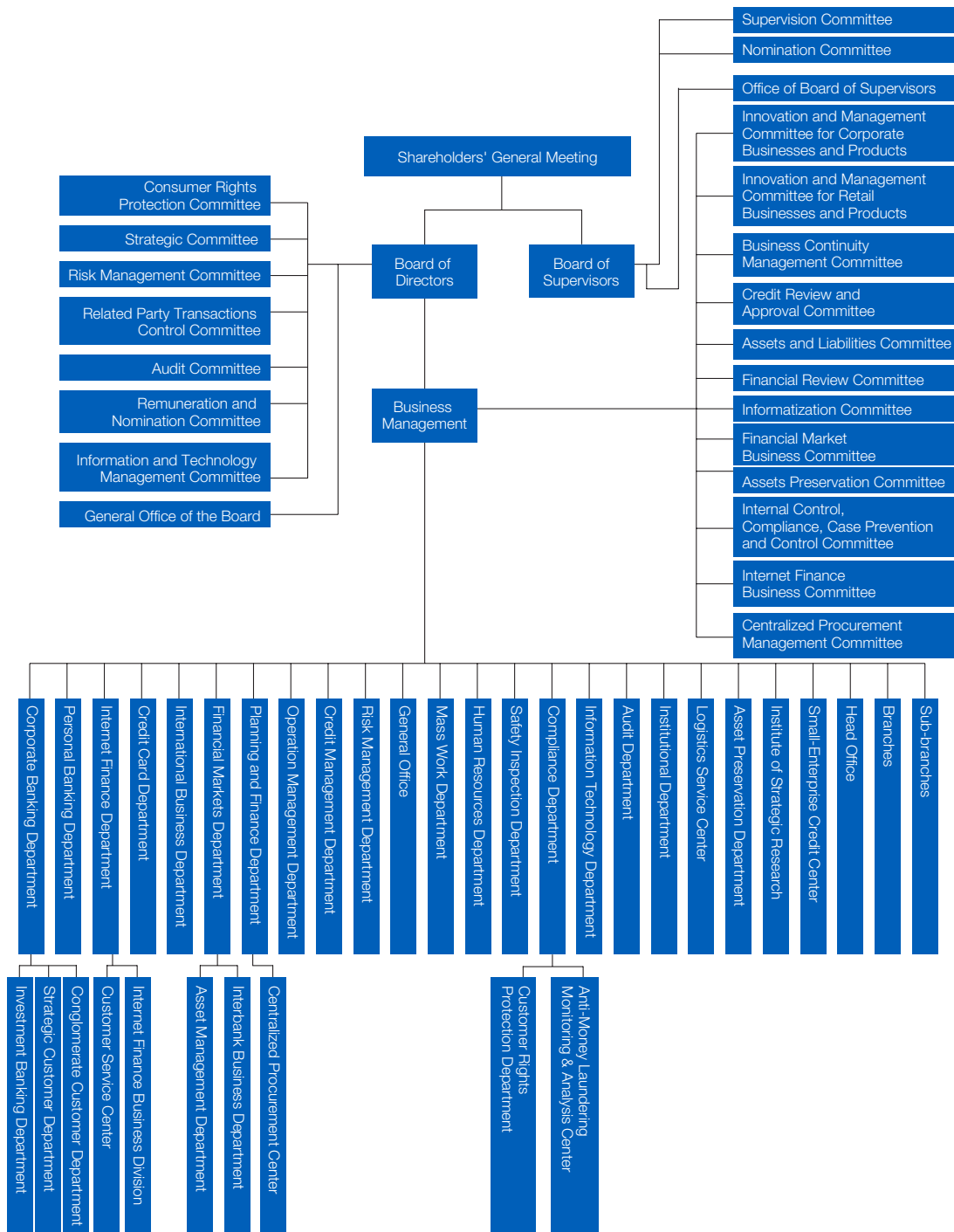
During the Reporting Period, according to the training program under the “Work Plan for Employees' Educational Training for 2019”, the Bank organized internal trainings and external dispatches, held lecture series “Brainstorm”, conducted studies and researches in advanced banks, participated in external forums and training classes, conducted centralized training on new businesses and products and pre-job training for new employees, and organized competence training on internal trainers. It was committed to building a learning and innovative team.

5.5.3 Remuneration Policy

The Bank has established a position-based remuneration system, with the remuneration of employees determined according to their position value and performance evaluation. The Bank provides social insurance and provides housing allowances and several other staff benefits to its employees pursuant to applicable PRC laws and regulations. As of the end of the Reporting Period, there was no significant change in the Bank's remuneration policies.



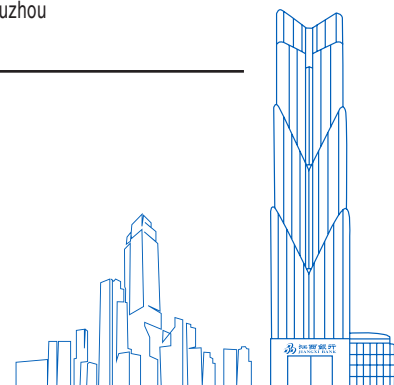
5.6 ORGANIZATIONAL STRUCTURE



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 103 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 9 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 16 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 26 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 16 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No.69 Zhongshan Road, Yushui District, Xinyu, Jiangxi Province	Governing 7 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	No.46 Daihu Road, Xinzhou District, Shangrao, Jiangxi Province	Governing 15 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, West of Jinggangshan Avenue and North of Guangchang South Road, Jizhou District, Ji'an, Jiangxi Province	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
Yingtan, Jiangxi	Yingtan branch	South of Weisi Road and West of Zhisi Road, Xinjiang New District, Yingtan, Jiangxi Province	Governing 4 licensed institutions in Yingtan
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 17 licensed institutions in Jingdezhen
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 9 licensed institutions in Jiangxi
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	Governing 6 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 6 licensed institutions in Suzhou



CHAPTER VI CORPORATE GOVERNANCE

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 seven 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 shareholders' general meeting.

The Bank held the 2018 Annual General Meeting on May 31, 2019, considered and approved 15 proposals including 2018 Annual Financial Statement, 2019 Financial Budget Plan, 2018 Profit Distribution Plan, 2019 Investment Plan, 2018 Board of Directors' Report, 2018 Board of Supervisors' Report, etc., and debriefed on the 2018 Report of Significant Related Party Transactions of Jiangxi Bank.



CHAPTER VI CORPORATE GOVERNANCE

6.3 MEETINGS CONVENED BY THE BOARD AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of the Bank held 14 meetings and considered and approved 71 proposals. The seven special committees under the Board held 22 meetings, including 3 Strategic Committee meetings, 1 Audit Committee meetings, 1 meeting of Information and Technology Management Committee, 1 meeting of Consumer Rights Protection Committee, 5 meetings of Risk Management Committee, 1 meetings of Remuneration and Nomination Committee, and 10 meetings of Related Party Transactions Control Committee, with a total of 112 proposals considered and approved.

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

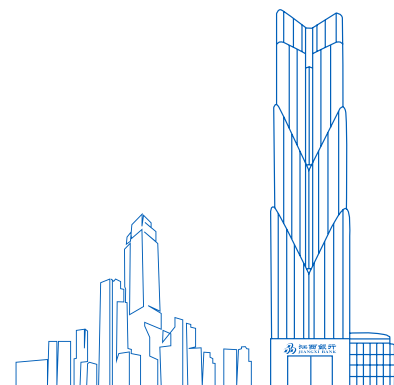
During the Reporting Period, the Board of Supervisors of the Bank held 4 meetings, including 3 on-site meetings and 1 meeting that adopted voting by correspondence, and considered 12 proposals. The Supervision Committee of the Board of Supervisors held 3 meetings and considered and discussed 5 items; the Nomination Committee of the Board of Supervisors held 4 meetings and considered and discussed 6 items.

6.5 INTERNAL CONTROL AND INTERNAL AUDIT

6.5.1 Internal Control

During the Reporting Period, the Bank launched the “Whistling Action”, a special activity to promote internal control, violation prevention and compliance, so as to effectively strengthen internal control management and crack down on violation; the Bank pressed ahead with the establishment of compliance departments in branches and sub-branches, improving the structure of internal control management; with 43 new regulations formulated and 52 existing regulations revised, the internal control management system was optimized; the Bank also promoted the annual inspection plan for internal control and compliance, conducted special inspection in accordance with regulatory requirements and built up normalized risk inspection mechanism; through upgrading and innovating the “three-in-one” system for managing internal control, compliance and operational risks, the Bank managed to enhance the science and technology content in its internal control management.

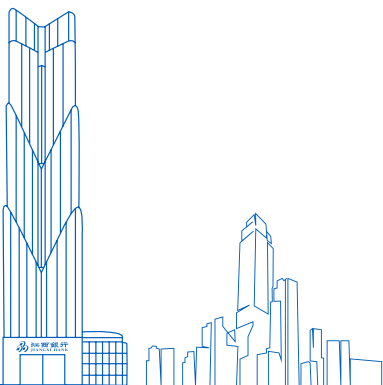
During the Reporting Period, no major deficiencies were found in the Bank’s internal control.



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”, 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.



CHAPTER VII IMPORTANT MATTERS

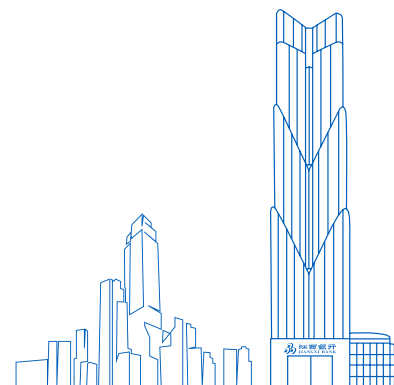
7.1 BOND ISSUE AND REPURCHASE

(1) Bonds issued

Approved by the PBoC and Jiangxi Office of China Banking Regulatory Commission, in July 2016, the Bank issued three-year green financial bonds with a total principal amount of RMB3.5 billion (calculated at a fixed interest rate of 3.41% per annum, and the interest payment method is annual payment, which has expired as of July 14, 2019) and five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.7% per annum, and the interest payment method is annual payment, which will expire on July 14, 2021). In August 2016, the Bank issued three-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed rate of 3.2% per annum, and the interest payment method is annual payment, which will expire on August 8, 2019), and a five-year green financial bond 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 will expire on August 8, 2021).

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% 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.

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% 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.



CHAPTER VII IMPORTANT MATTERS

The detailed information of bonds is as follows:

Detailed information of bonds

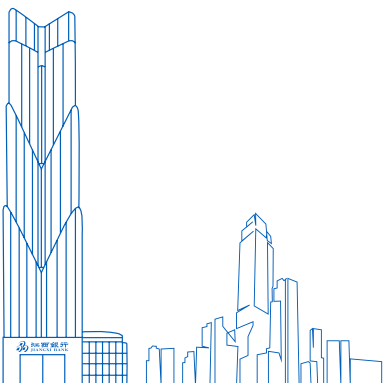
Stock name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest payment method
16 Green Finance of Jiangxi Bank 01	Fixed interest rate	RMB3.5 billion	3 years	3.41%	Annual payment
16 Green Finance of Jiangxi Bank 02	Fixed interest rate	RMB1.5 billion	5 years	3.70%	Annual payment
16 Green Finance of Jiangxi Bank 03	Fixed interest rate	RMB1.5 billion	3 years	3.20%	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 billion	10 years (redemption rights with preconditions at the end of the fifth year)		Annual payment
17 Jiangxi Bank Tier-2 02	Fixed interest rate	RMB3 billion	10 years (redemption rights with preconditions at the end of the fifth year)		Annual payment

(2) Issue of interbank deposit receipts

As of June 30, 2019, the Bank has issued 51 interbank deposit receipts with total balance of RMB44.515 billion for the first half of the year.

(3) Repurchase

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



CHAPTER VII IMPORTANT MATTERS

7.2 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1,345.5 million 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

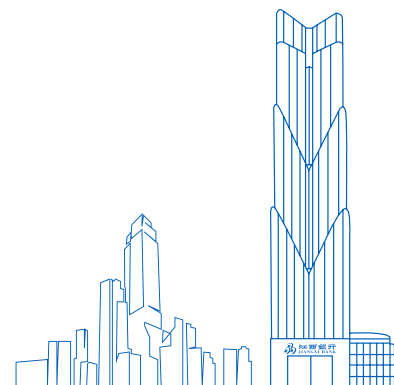
The Board does not recommend the payment of the interim dividends for the six months ended June 30, 2019.

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

As of the end of the Reporting Period, there were 85 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 RMB4.477 billion (including the amount written off); there were 7 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 RMB1.646 billion.

As of the end of the Reporting Period, the court has made a judgment in the first instance of "Bank B Case" in which the Bank is a defendant or a third party involved on November 15, 2018, which was disclosed in the prospectus. All claims from Bank B, the plaintiff, were rejected and the Bank did not bear any responsibility. Bank B has appealed to the Supreme People's Court. The case had the first hearing of the second trial on May 15, 2019 and it is under progress.

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, the Bank had no significant related party transactions which would adversely affect its operation 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 has not been investigated, imposed administrative punishment or criticized by the China Securities Regulatory Commission, nor publicly censured by the Hong Kong Stock Exchange, nor had any penalties been imposed by other governing institutions which would materially impact the Bank's operations.

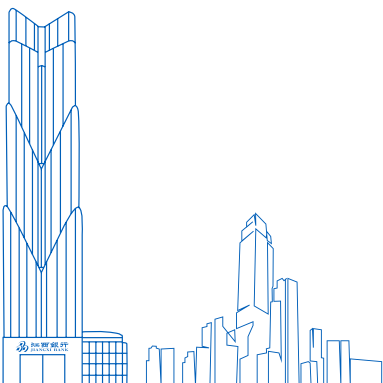
Directors: During the Reporting Period, the Directors were not imposed any punishments by the relevant regulatory authorities and the judicial department.

Supervisors: During the Reporting Period, the Supervisors were not imposed any punishments by the relevant regulatory authorities and the judicial department.

Senior management: During the Reporting Period, the senior management of the Bank was not imposed any punishments by the relevant regulatory authorities and the judicial department.

7.7 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank did not entered into any material contract which is required to be disclosed.



CHAPTER VII IMPORTANT MATTERS

7.8 MAJOR GUARANTEES AND COMMITMENTS

7.8.1 Major Guarantees

As of the end of the Reporting Period, the Bank had ten major guarantees:

- (1) Issue a performance bond of RMB1.592 billion to Customer A, validity from January 3, 2019 to December 7, 2019;
- (2) Issue a loan guarantee of RMB500 million to Customer B, validity from September 29, 2018 to September 27, 2023;
- (3) Issue a financing guarantee of RMB402 million to Customer C, validity from August 30, 2018 to August 29, 2019;
- (4) Issue a loan guarantee of RMB400 million to Customer D, validity from June 28, 2019 to June 26, 2021;
- (5) Issue a performance bond of RMB340 million to Customer E, validity from January 15, 2016 to December 30, 2019;
- (6) Issue a loan guarantee of RMB300 million to Customer F, validity from November 30, 2017 to November 28, 2022;
- (7) Issue a loan guarantee of RMB300 million to Customer G, validity from May 14, 2019 to May 12, 2024;
- (8) Issue a financing guarantee of RMB214 million to Customer H, validity from May 29, 2019 to May 29, 2024;
- (9) Issue a loan guarantee of RMB145 million to Customer I, validity from December 8, 2017 to December 7, 2022;
- (10) Issue a loan guarantee of RMB130 million to Customer J, validity from October 25, 2017 to June 27, 2022;

7.8.2 Major Commitments

As of the end of the Reporting Period, the Bank had one major commitment:

Issue a credit certificate of RMB267 million to Customer K, validity from September 18, 2017 to December 31, 2019.



7.9 REVIEW OF THE INTERIM REPORT

The interim financial statements disclosed in this interim report have not been audited. KPMG has, in accordance with the Hong Kong Standards on Review Engagements, reviewed the interim financial statements for the six months ended June 30, 2019 prepared by the Bank based on the International Accounting Standards issued by the International Accounting Standards Board.

On August 26, 2019, the Audit Committee reviewed and confirmed the Group's interim results announcement for the six months ended June 30, 2019, Interim Report 2019 and the unaudited interim financial statements for the six months ended June 30, 2019 prepared in accordance with the International Accounting Standards.

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

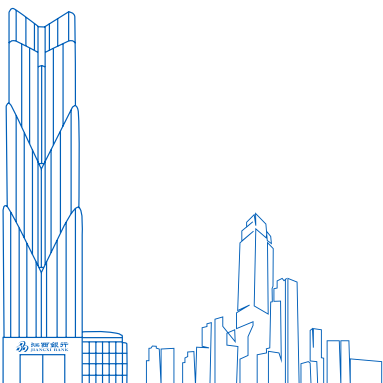
During the Reporting Period, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures.

7.11 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

After consideration and approval at the 14th meeting of the first session of the Board of Directors held on March 29, 2019, the Bank re-appointed KPMG Huazhen (SGP) and KPMG Certified Public Accountants as domestic and international auditors of the Bank for 2019 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.



CHAPTER VII IMPORTANT MATTERS

7.13 PROFIT DISTRIBUTION DURING THE REPORTING PERIOD

(1) Profit distribution in 2018

Upon consideration and approval at the 2018 annual general meeting held on May 31, 2019, the Bank decided to distribute a cash dividend of RMB482 million (including tax) to all shareholders. The 2018 dividend of the Bank was distributed in July 2019.

(2) Profit distribution in mid-2019

The Bank did not distribute nor plan to distribute any interim dividend for the six months ended June 30, 2019.

7.14 SIGNIFICANT INVESTMENTS AND PLANS

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

7.15 LOAN AGREEMENT

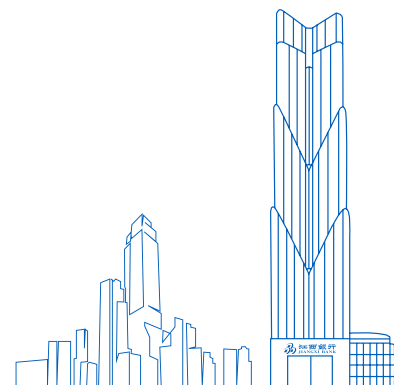
During the Reporting Period, the Group did not violate any loan agreement.

7.16 SHARE OPTION SCHEME

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

7.17 SUBSEQUENT EVENTS

There are no subsequent events.



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)

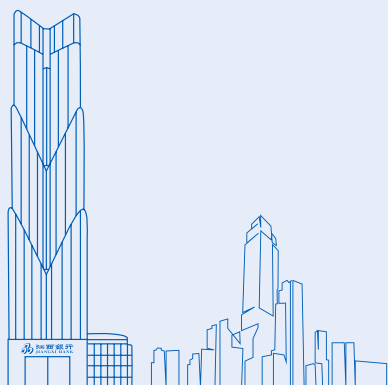
INTRODUCTION

We have reviewed the interim financial report set out on page 105 to 226 which comprises the consolidated statement of financial position of Jiangxi Bank Co., Ltd. (the “Bank”) and its subsidiary (collectively the “Group”) as at 30 June 2019, 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

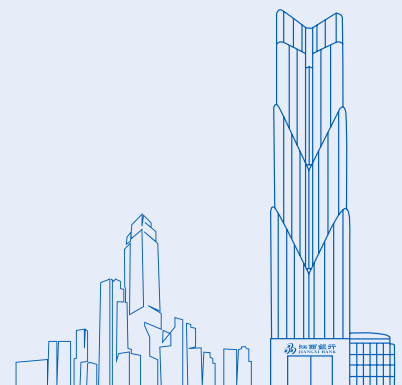
Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

27 August 2019



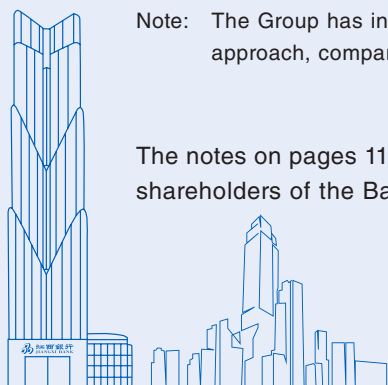
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		Six months ended 30 June	
	Note	2019 (unaudited)	2018 (Note) (unaudited)
Interest income		9,935,363	8,755,128
Interest expense		(4,725,905)	(4,624,055)
Net interest income	4	5,209,458	4,131,073
Fee and commission income		594,590	578,039
Fee and commission expense		(290,305)	(175,241)
Net fee and commission income	5	304,285	402,798
Net trading gains	6	79,562	1,842
Net gains arising from financial investments	7	754,976	736,037
Other operating income	8	38,288	65,211
Operating income		6,386,569	5,336,961
Operating expenses	9	(1,530,838)	(1,503,290)
Impairment losses on assets	10	(2,559,076)	(1,825,205)
Operating profit		2,296,655	2,008,466
Share of profits of associates		103	2,375
Profit before taxation		2,296,758	2,010,841
Income tax expense	11	(626,426)	(418,040)
Profit for the period		1,670,332	1,592,801
Attributable to:			
Equity shareholders of the Bank		1,642,469	1,574,953
Non-controlling interests		27,863	17,848

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report. Details of dividends payable to equity shareholders of the Bank are set out in Note 33.



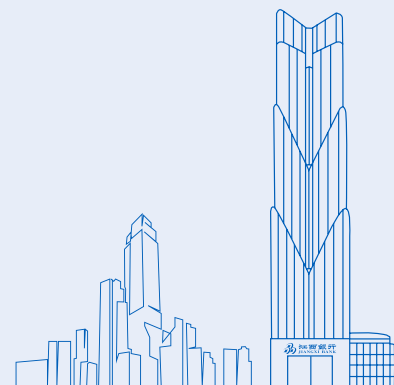
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2019 (unaudited)	2018 (Note) (unaudited)
Profit for the period		1,670,332	1,592,801
Basic and diluted earnings per share (in RMB)	12	0.27	0.33
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		88,910	340,952
– Financial assets at fair value through other comprehensive income: net movement in impairment losses, net of tax		496,373	85,410
Other comprehensive income for the period	32(a)	585,283	426,362
Total comprehensive income for the period		2,255,615	2,019,163
Attributable to:			
Equity shareholders of the Bank		2,227,752	2,001,315
Non-controlling interests		27,863	17,848
Total comprehensive income for the period		2,255,615	2,019,163

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.



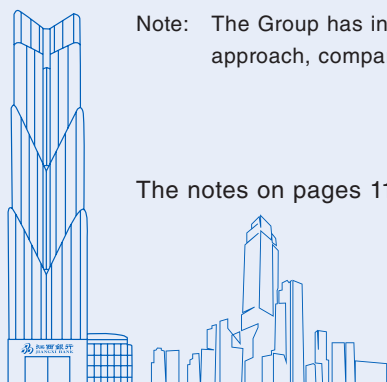
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		30 June 2019 (unaudited)	31 December 2018 (Note) (audited)
	Note		
Assets			
Cash and deposits with the central bank	13	38,205,411	37,740,620
Deposits with banks and other financial institutions	14	1,656,558	3,204,920
Placements with banks and other financial institutions	15	1,110,264	4,024,945
Financial assets held under resale agreements	16	12,894,123	10,966,471
Loans and advances to customers	17	194,726,025	165,523,323
Financial investments	18	189,943,606	190,704,000
Interest in associates	19	118,825	113,722
Property and equipment	21	2,424,723	2,507,638
Deferred tax assets	22	2,447,012	2,194,395
Other assets	23	3,201,172	2,084,240
Total assets		446,727,719	419,064,274
Liabilities and equity			
Liabilities			
Borrowing from the central bank		6,661,029	1,590,065
Deposits from banks and other financial institutions	24	31,571,587	31,863,890
Placements from banks and other financial institutions	25	2,225,812	6,149,980
Borrowing from other financial institutions	26	12,730,905	10,944,698
Financial assets sold under repurchase agreements	27	14,067,360	10,186,847
Deposits from customers	28	280,327,664	260,448,653
Income tax payable		562,008	567,441
Debt securities issued	29	58,889,574	61,129,810
Other liabilities	30	5,119,024	3,371,556
Total liabilities		412,154,963	386,252,940

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019 – UNAUDITED

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2019 (unaudited)	31 December 2018 (Note) (audited)
Equity			
Share capital	31	6,024,277	6,024,277
Capital reserve	32	14,305,565	13,720,282
Surplus reserve	32	2,518,794	2,518,794
General reserve	32	5,505,856	5,505,856
Retained earnings	33	5,617,537	4,457,010
<hr/>			
Total equity attributable to equity shareholders of the Bank		33,972,029	32,226,219
Non-controlling interests		600,727	585,115
<hr/>			
Total equity		34,572,756	32,811,334
<hr/>			
Total liabilities and equity		446,727,719	419,064,274

The financial statements have been approved by the Board of Directors of the Bank on 27 August 2019.

CHEN Xiaoming
Legal Representative

LUO Yan
President

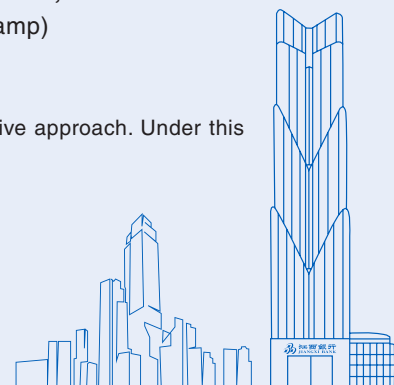
XU Jihong
The Person In Charge of
Accounting Affairs

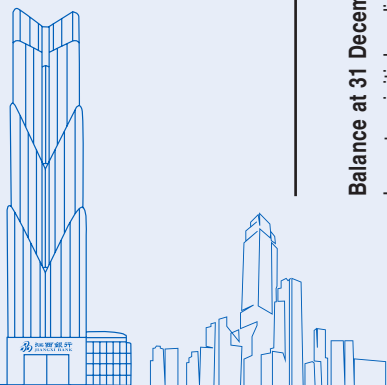
ZHAO Wanxian
The Head of the
Accounting Department

Jiangxi Bank Co., Ltd.
(Company stamp)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings			Sub-total
Balance at 31 December, 2017		4,678,777	7,273,739	2,253,652	4,700,715	3,806,862	22,713,745	558,316	23,272,061
Impact on initial application of IFRS 9		-	134,603	-	-	(545,249)	(410,646)	(1,704)	(412,350)
Balance as at 1 January 2018		4,678,777	7,408,342	2,253,652	4,700,715	3,261,613	22,303,099	556,612	22,859,711
Changes in equity for the six months ended 30 June 2018:									
Profit for the period		-	-	-	-	1,574,953	1,574,953	17,848	1,592,801
Other comprehensive income		-	426,362	-	-	-	426,362	-	426,362
Total comprehensive income		-	426,362	-	-	1,574,953	2,001,315	17,848	2,019,163
Issue of H Shares	31	1,170,000	4,883,415	-	-	-	6,053,415	-	6,053,415
Change in interest in subsidiary		-	(12,845)	-	-	-	(12,845)	12,845	-
Appropriation of profit	33	-	-	-	-	(467,878)	(467,878)	(22,050)	(489,928)
- Appropriation to shareholders		-	-	-	-	(467,878)	(467,878)	(22,050)	(489,928)
Balance as at 30 June 2018 (unaudited)		5,848,777	12,705,274	2,253,652	4,700,715	4,368,688	29,877,106	565,255	30,442,361

The notes on pages 115 to 226 form part of this interim financial report.

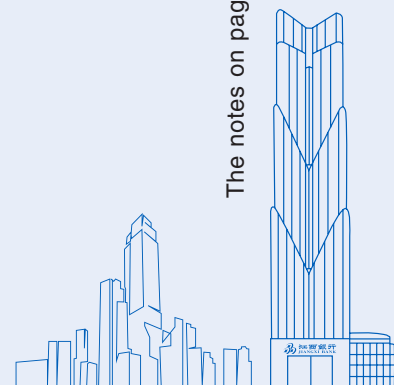
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – 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	Retained earnings	Sub-total		Non-controlling interests
Balance as at 1 July 2018		5,848,777	12,705,274	2,253,652	4,700,715	4,368,688	29,877,106	565,255	30,442,361
Changes in equity for the six months ended 31 December 2018:									
Profit for the period		-	-	-	-	1,158,605	1,158,605	19,860	1,178,465
Other comprehensive income		-	225,456	-	-	-	225,456	-	225,456
Total comprehensive income		-	225,456	-	-	1,158,605	1,384,061	19,860	1,403,921
Issue of H Shares	31	175,500	789,552	-	-	-	965,052	-	965,052
Appropriation of profit	33	-	-	265,142	-	(265,142)	-	-	-
- Appropriation to surplus reserve		-	-	265,142	-	(265,142)	-	-	-
- Appropriation to general reserve		-	-	-	805,141	(805,141)	-	-	-
Balance as at 31 December 2018 (Note) (audited)		6,024,277	13,720,282	2,518,794	5,505,856	4,457,010	32,226,219	585,115	32,811,334

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings			Sub-total
Balance as at 1 January 2019		6,024,277	13,720,282	2,518,794	5,505,856	4,457,010	32,226,219	585,115	32,811,334
Changes in equity for the six months ended 30 June 2019:									
Profit for the period		-	-	-	-	1,642,469	1,642,469	27,863	1,670,332
Other comprehensive income		-	585,283	-	-	-	585,283	-	585,283
Total comprehensive income		-	585,283	-	-	1,642,469	2,227,752	27,863	2,255,615
Appropriation of profit	33	-	-	-	-	(481,942)	(481,942)	(12,251)	(494,193)
- Appropriation to shareholders		-	-	-	-	(481,942)	(481,942)	(12,251)	(494,193)
Balance as at 30 June 2019 (unaudited)		6,024,277	14,305,565	2,518,794	5,505,856	5,617,537	33,972,029	600,727	34,572,756

The notes on pages 115 to 226 form part of this interim financial report.

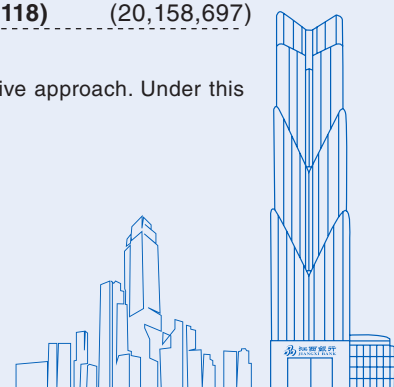
CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Six months ended 30 June	
	2019 (unaudited)	2018 (Note) (unaudited)
Note		
Cash flows from operating activities		
Profit before taxation	2,296,758	2,010,841
<i>Adjustments for:</i>		
Impairment losses on assets	2,559,076	1,825,205
Depreciation and amortization	260,055	172,985
Accreted interest on credit-impaired loans	(53,967)	(43,991)
Interest income on financial investments	(3,790,086)	(4,113,854)
Unrealized foreign exchange gains	(37,853)	(93,013)
Fair value change of financial investments held for trading	2,628	–
Net trading gains	–	(1,842)
Net gains arising from financial investments	(754,976)	(736,037)
Share of profits of associates	(103)	(2,375)
Interest expense on lease liabilities	26,766	–
Interest expense on debt securities issued	1,078,090	1,212,091
Net losses/(gains) on disposal of property and equipment	217	(87)
	1,586,605	229,923
<i>Changes in operating assets</i>		
Net increase in deposits with the central bank	(1,102,549)	(245,591)
Net decrease/(increase) in deposits with banks and other financial institutions	1,854,437	(1,251,358)
Net decrease/(increase) in placements with banks and other financial institutions	413,026	(200,000)
Net decrease/(increase) in financial assets held under resale agreements	8,891	(300,000)
Net increase in loans and advances to customers	(30,612,138)	(18,953,770)
Net increase in financial investments held for trading	(398,880)	–
Net decrease in other operating assets	150,095	792,022
	(29,687,118)	(20,158,697)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.



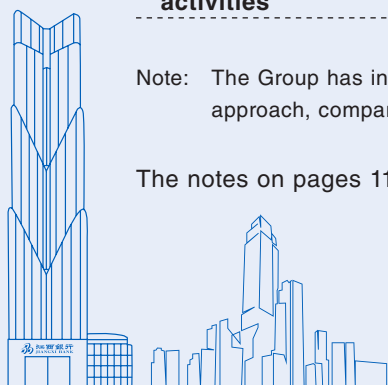
CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Six months ended 30 June	
Note	2019	2018 (Note)
	(unaudited)	(unaudited)
Cash flows from operating activities (continued)		
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in borrowing from the central bank	5,051,902	(3,851,554)
Net increase in deposits from customers	19,941,175	11,209,096
Net (decrease)/increase in deposits from banks and other financial institutions	(355,339)	4,636,702
Net increase in borrowing from other financial institutions	1,827,434	210,826
Net (decrease)/increase in placements from banks and other financial institutions	(3,850,000)	4,770,000
Net increase in financial assets sold under repurchase agreements	3,882,799	3,140,769
Net decrease in other operating liabilities	(62,823)	(1,271,999)
	26,435,148	18,843,840
Net cash flows used in operating activities before tax	(1,665,365)	(1,084,934)
Income tax paid	(914,113)	(670,592)
Net cash flows used in operating activities	(2,579,478)	(1,755,526)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	36,180,456	420,647,362
Net cash received from investment gains and interest	4,169,030	3,683,562
Proceeds from disposal of property and equipment and other assets	62	30,409
Payments on acquisition of investments	(35,129,439)	(426,557,198)
Payments on acquisition of property and equipment and other assets	(130,579)	(411,122)
Net cash flows generated from/(used in) investing activities	5,089,530	(2,606,987)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 form part of this interim financial report.



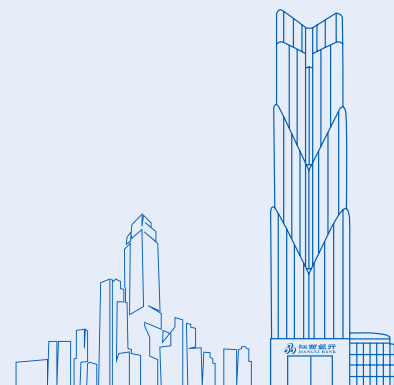
CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2019 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2019 (unaudited)	2018 (Note) (unaudited)
Cash flows from financing activities			
Proceeds from capital contribution by equity shareholders		–	6,053,414
Proceeds from debt securities issued	34(c)	25,931,840	31,205,524
Repayment of debt securities issued	34(c)	(29,100,000)	(23,930,000)
Interest paid on debt securities issued	34(c)	(150,166)	(319,630)
Capital element of lease rentals paid		(56,329)	–
Interest element of lease rentals paid		(11,348)	–
Dividends paid		–	(509,678)
Payments for initial public offering (“IPO”) costs		–	(18,971)
Net cash flows (used in)/generated from financing activities		(3,386,003)	12,480,659
Effect of foreign exchange rate changes on cash and cash equivalents		(981)	253,018
Net (decrease)/increase in cash and cash equivalents	34(a)	(876,932)	8,371,164
Cash and cash equivalents as at 1 January		22,998,915	13,946,882
Cash and cash equivalents as at 30 June	34(b)	22,121,983	22,318,046
Net cash flows generated from operating activities include:			
Interest received		5,970,022	4,466,283
Interest paid		(3,745,783)	(2,772,434)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 115 to 226 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 subsidiary (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).

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. It was authorized for issue on 27 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 BASIS OF PREPARATION (Continued)

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 2018 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 Institution of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial report as comparative information does not constitute the Bank’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

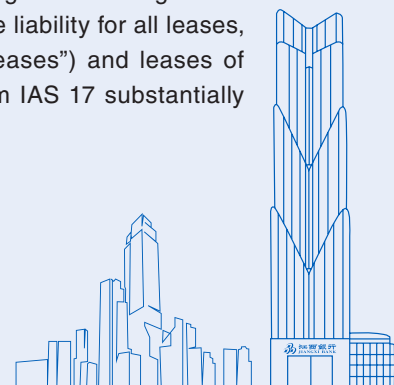
3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the 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.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognized the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

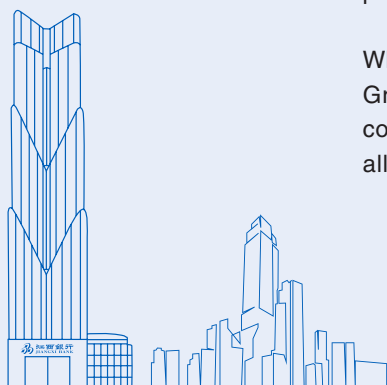
The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) *Lessee accounting*

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalize all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalized leases are primarily in relation to property and equipment as disclosed in Note 38(c).

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting (Continued)

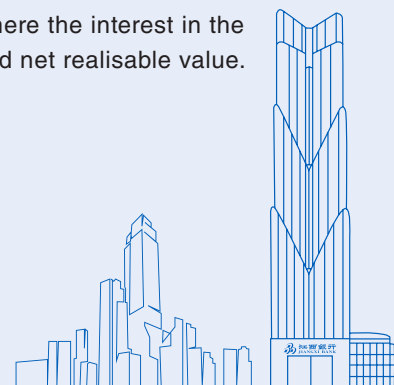
When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. For the Group, low-value assets are typically machinery and equipment. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

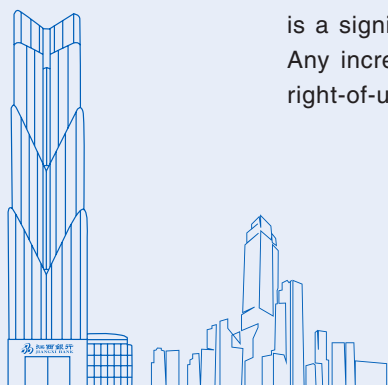
(iii) Lessor accounting

The Group leases out a number of items of property and machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

As explained in the above accounting policies, the lease liability is initially recognized at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognized in future years.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

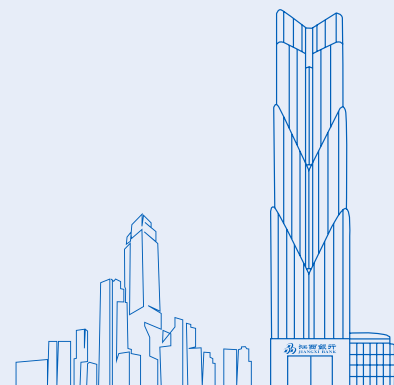
3 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.25%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

- (i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

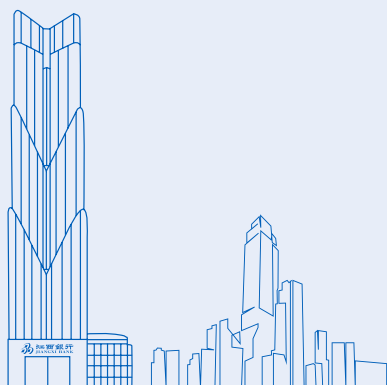
(c) Transitional impact (Continued)

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	1 January 2019
Operating lease commitments at 31 December 2018	749,123
Less: commitments relating to leases exempt from capitalisation: – short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(2,219)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	949,883
	1,696,787
Less: total future interest expenses	(406,827)
Lease liabilities recognized at 1 January 2019	1,289,960
Right-of-use assets recognized at 1 January 2019	1,289,960

The right-of-use assets in relation to leases previously classified as operating leases have been recognized at an amount equal to the amount recognized for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other assets' and presents lease liabilities in 'other liabilities'.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

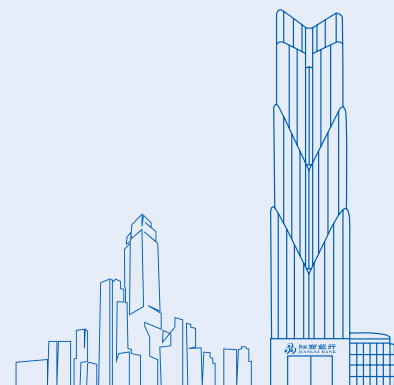
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalized leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

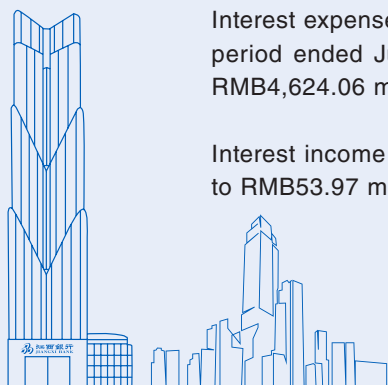
4 NET INTEREST INCOME

	Six months ended 30 June	
	2019	2018
Interest income arising from		
Loans and advances to customers		
– Corporate loans and advances	3,047,471	2,521,707
– Personal loans and advances	2,433,530	1,535,040
– Discounted bills	171,342	39,558
Financial investments	3,790,086	4,113,854
Deposits with the central bank	221,046	274,304
Financial assets held under resale agreements	198,322	195,178
Placements with banks and other financial institutions	53,641	39,971
Deposits with banks and other financial institutions	19,925	35,516
Sub-total	9,935,363	8,755,128
Interest expense arising from		
Deposits from customers	(2,410,353)	(2,001,751)
Debt securities issued	(1,078,090)	(1,212,091)
Deposits from banks and other financial institutions	(647,769)	(904,832)
Borrowing from other financial institutions	(264,833)	(231,613)
Financial assets sold under repurchase agreements	(184,507)	(191,898)
Placements from banks and other financial institutions	(96,538)	(73,482)
Borrowing from the central bank	(32,974)	(7,272)
Others	(10,841)	(1,116)
Sub-total	(4,725,905)	(4,624,055)
Net interest income	5,209,458	4,131,073

Interest income arising from financial investments that are not at fair value through profit or loss for the period ended June 30, 2019 amounted to RMB9,935.36 million (six months ended June 30, 2018: RMB8,720.00 million).

Interest expense arising from financial liabilities that are not at fair value through profit or loss for the period ended June 30, 2019 amounted to RMB4,725.91 million (six months ended June 30, 2018: RMB4,624.06 million).

Interest income arising from credit-impaired loans for the six months ended 30 June 2019 amounted to RMB53.97 million (six months ended 30 June 2018: RMB43.99 million).



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	
	2019	2018
Fee and commission income		
Agency and custody services fees	242,063	197,902
Financial leasing service fees	148,900	71,608
Bank card service fees	104,842	96,056
Settlement and electronic channel business fees	56,283	97,604
Acceptance and guarantee service fees	26,172	21,277
Advisory and consulting fees	16,228	87,778
Others	102	5,814
Sub-total	594,590	578,039
Fee and commission expense		
Platform cooperation fees	(239,105)	(97,553)
Settlement and clearing fees	(26,587)	(41,297)
Transaction fees	(16,995)	(18,148)
Others	(7,618)	(18,243)
Sub-total	(290,305)	(175,241)
Net fee and commission income	304,285	402,798

6 NET TRADING GAINS

	Six months ended 30 June	
	2019	2018
Net gains from debt securities	79,562	1,842

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

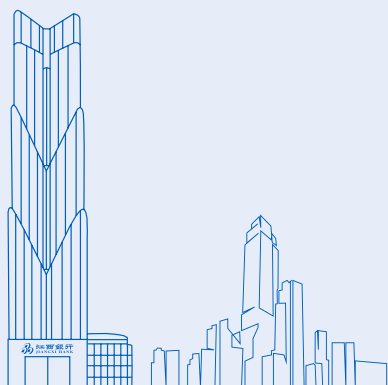
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

7 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2019	2018
Net gains on financial investments at fair value through profit or loss	722,903	708,923
Net gains on financial investments at fair value through other comprehensive income	30,573	26,014
Dividend income	1,500	1,100
Total	754,976	736,037

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2019	2018
Foreign exchange gains	6,097	79,764
Government grants	14,181	7,760
Rental income	2,383	665
Net (losses)/gains on disposal of non-current assets	(217)	87
Others	15,844	(23,065)
Total	38,288	65,211



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

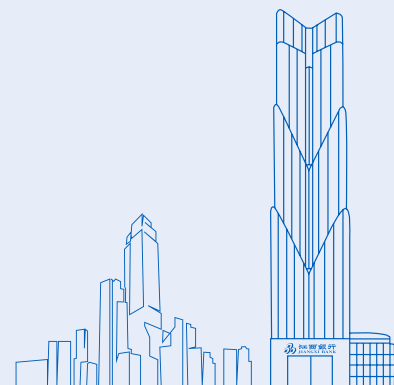
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 OPERATING EXPENSES

	Six months ended 30 June	
	2019	2018
Staff costs		
– Salaries, bonuses and allowances	552,581	599,987
– Social insurance and supplementary retirement benefits	115,517	100,122
– Staff welfare	36,802	40,721
– Housing allowances	43,218	35,692
– Employee education expenses and labour union expenses	12,135	12,420
– Others	2,479	3,415
Sub-total	762,732	792,357
Depreciation and amortization	260,055	172,985
Tax and surcharges	60,102	21,407
Rental and property management expenses	51,981	101,248
Interest expense on lease liabilities	26,766	–
Other general and administrative expenses	369,202	415,293
Total	1,530,838	1,503,290

10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2019	2018
Loans and advances to customers	1,625,540	1,322,590
Financial investments	969,231	442,624
Others	(35,695)	59,991
Total	2,559,076	1,825,205



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

11 INCOME TAX EXPENSE

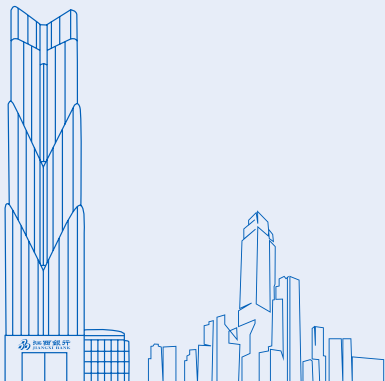
(a) Income tax expense:

	Note	Six months ended 30 June	
		2019	2018
Current tax		838,617	579,512
Tax filing differences		70,063	(45,224)
Changes in deferred tax	22(b)	(282,254)	(116,248)
Total		626,426	418,040

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

	Note	Six months ended 30 June	
		2019	2018
Profit before tax		2,296,758	2,010,841
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		574,189	502,710
Non-taxable income	(i)	(90,365)	(94,212)
Non-deductible expenses		72,539	54,768
Tax filing differences		70,063	(45,224)
Others		-	(2)
Income tax expense		626,426	418,040

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

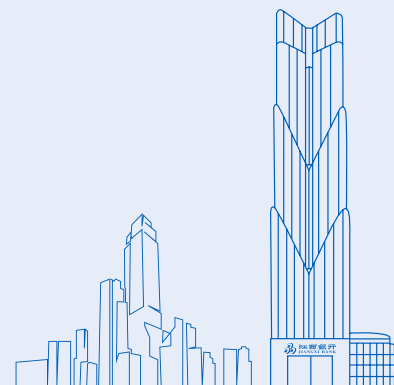
12 BASIC AND DILUTED EARNINGS PER SHARE

	Note	Six months ended 30 June	
		2019	2018
Net profit attributable to equity shareholders of the Bank		1,642,469	1,574,953
Weighted average number of ordinary shares (in thousands)	(i)	6,024,277	4,711,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)		0.27	0.33

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

(i) Weighted average number of ordinary shares (in thousand shares)

	Six months ended 30 June	
	2019	2018
Number of ordinary shares as at 1 January	6,024,277	4,678,777
Increase in weighted average number of ordinary shares	–	32,500
Weighted average number of ordinary shares	6,024,277	4,711,277



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

13 CASH AND DEPOSITS WITH THE CENTRAL BANK

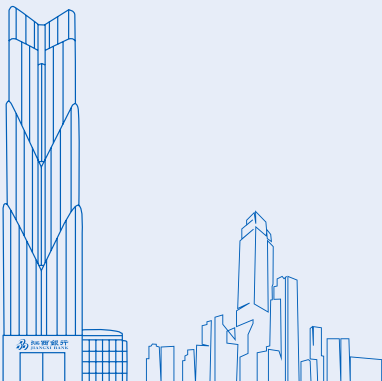
	Note	30 June 2019	31 December, 2018
Cash on hand		718,005	776,920
Deposits with the central bank			
– Statutory deposit reserves	(a)	26,954,066	27,543,290
– Surplus deposit reserves	(b)	5,965,333	6,575,168
– Fiscal deposits		4,556,394	2,831,913
Sub-total		38,193,798	37,727,291
Accrued interest		11,613	13,329
Total		38,205,411	37,740,620

- (a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. At the end of the reporting period, the statutory deposit reserve ratios applicable to the Bank were as follows:

	30 June 2019	31 December 2018
Reserve ratio for RMB deposits	10.0%	11.0%
Reserve ratio for foreign currency deposits	5.0%	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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

14 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

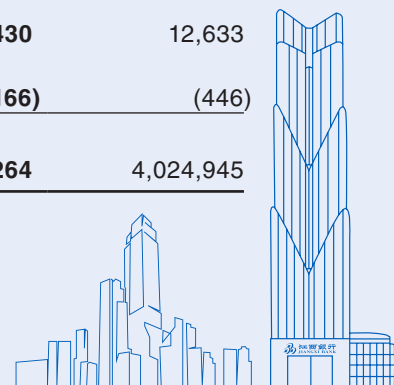
Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
Deposits in mainland China		
– Banks	1,316,254	2,999,607
– Other financial institutions	–	10,183
Sub-total	1,316,254	3,009,790
Deposits outside mainland China		
– Banks	331,361	125,762
Gross balance	1,647,615	3,135,552
Accrued interest	9,584	69,794
Less: Allowances for impairment losses	(641)	(426)
Net balance	1,656,558	3,204,920

15 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
In mainland China		
– Banks	–	212,756
– Other financial institutions	1,100,000	3,800,002
Gross balance	1,100,000	4,012,758
Accrued interest	10,430	12,633
Less: Allowances for impairment losses	(166)	(446)
Net balance	1,110,264	4,024,945



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

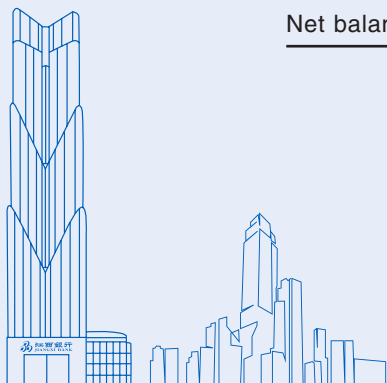
16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
In mainland China		
– Banks	11,204,741	10,962,670
– Other financial institutions	1,686,290	–
Gross balance	12,891,031	10,962,670
Accrued interest	3,093	3,805
Less: Allowances for impairment losses	(1)	(4)
Net balance	12,894,123	10,966,471

(b) Analyzed by collaterals

	30 June 2019	31 December 2018
Debt securities		
– Government	7,705,687	1,300,000
– Policy Banks	5,185,344	9,440,480
– Commercial banks and other financial institutions	–	222,190
Sub-total	12,891,031	10,962,670
Accrued interest	3,093	3,805
Less: Allowances for impairment losses	(1)	(4)
Net balance	12,894,123	10,966,471



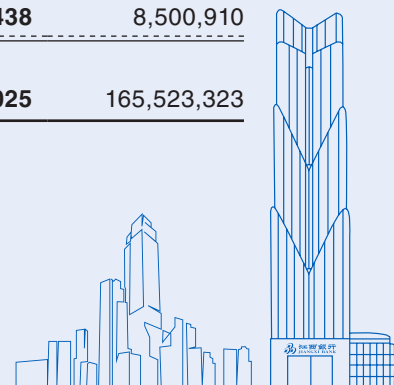
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Analyzed by nature

	30 June 2019	31 December 2018
Loans and advances to customers measured at amortized cost		
Corporate loans and advances	110,210,238	95,069,386
Personal loans and advances		
– Residential mortgage	54,509,050	43,821,630
– Personal consumption loans	13,469,519	13,184,086
– Personal business loans	6,624,873	6,441,537
– Credit cards	3,400,219	3,483,152
Sub-total	78,003,661	66,930,405
Gross loans and advances to customers measured at amortized cost	188,213,899	161,999,791
Accrued interest	725,252	581,136
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(6,321,564)	(5,558,514)
Net loans and advances to customers measured at amortized cost	182,617,587	157,022,413
Loans and advances to customers measured at FVOCI		
Corporate loans and advances	618,635	538,711
Discounted bills	11,489,803	7,962,199
Total amount of loans and advances to customers measured at FVOCI	12,108,438	8,500,910
Net loans and advances to customers	194,726,025	165,523,323



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 2019		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	21,590,922	10.78%	7,948,989
Wholesale and retail	19,395,023	9.68%	5,281,864
Water conservancy, environment and public facility management	17,368,497	8.67%	5,847,231
Manufacturing	13,123,772	6.55%	2,223,003
Real estate	12,406,512	6.19%	4,611,805
Construction	11,087,592	5.53%	2,098,463
Transportation, storage and postal services	3,000,275	1.50%	1,930,788
Production and distribution of electricity, heating power, gas and water	1,802,120	0.90%	1,057,820
Accommodation and catering	1,572,581	0.79%	1,176,741
Education	1,452,500	0.73%	64,000
Others	8,029,079	4.00%	1,673,668
Sub-total of corporate loans and advances	110,828,873	55.32%	33,914,372
Personal loans and advances	78,003,661	38.94%	55,515,635
Discounted bills	11,489,803	5.74%	-
Gross loans and advances to customers	200,322,337	100.00%	89,430,007



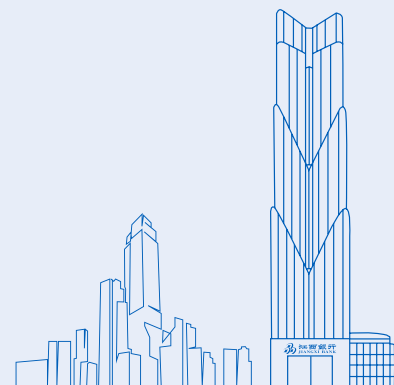
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analyzed by industry sector (Continued)

	31 December 2018		Loans and advances secured by collaterals
	Amount	Percentage	
Wholesale and retail	19,650,000	11.52%	5,327,732
Water conservancy, environment and public facility management	15,946,956	9.35%	4,984,651
Leasing and commercial services	15,254,968	8.95%	5,419,739
Manufacturing	13,189,390	7.74%	2,313,891
Construction	9,275,280	5.44%	2,215,088
Real estate	7,571,747	4.44%	3,303,040
Transportation, storage and postal services	3,007,737	1.76%	1,708,726
Production and distribution of electricity, heating power, gas and water	1,869,125	1.10%	1,064,275
Accommodation and catering	1,616,348	0.95%	1,170,084
Education	1,279,736	0.75%	154,676
Others	6,946,810	4.07%	1,489,218
Sub-total of corporate loans and advances	95,608,097	56.07%	29,151,120
Personal loans and advances	66,930,405	39.26%	44,791,279
Discounted bills	7,962,199	4.67%	—
Gross loans and advances to customers	170,500,701	100.00%	73,942,399



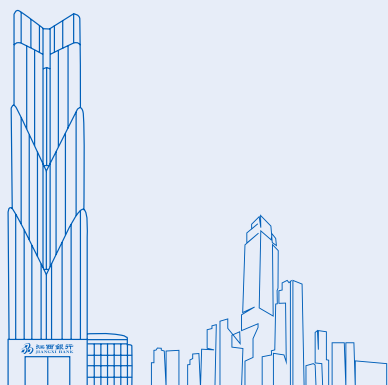
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analyzed by geographical area

	30 June 2019	
	Amount	Percentage
Nanchang area	88,604,582	44.23%
Within Jiangxi Province (apart from Nanchang area)	72,250,999	36.07%
Outside Jiangxi Province	27,619,090	13.79%
Head office	11,847,666	5.91%
<hr/>		
Gross loans and advances to customers	200,322,337	100.00%
<hr/>		
	31 December 2018	
	Amount	Percentage
Nanchang area	72,115,931	42.29%
Within Jiangxi Province (apart from Nanchang area)	64,312,112	37.72%
Outside Jiangxi Province	24,801,682	14.55%
Head office	9,270,976	5.44%
<hr/>		
Gross loans and advances to customers	170,500,701	100.00%
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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

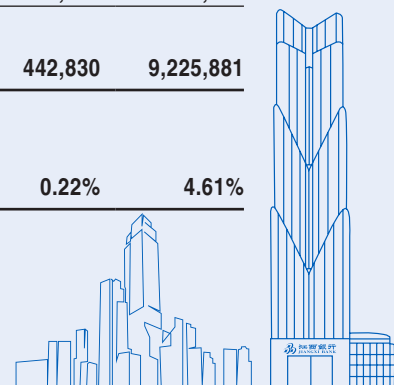
17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Analyzed by type of collateral

	30 June 2019	31 December 2018
Unsecured loans	23,437,317	21,955,798
Guaranteed loans	79,760,828	66,163,667
Collateralized	89,430,007	73,942,399
Pledged	7,694,185	8,438,837
Gross loans and advances to customers	200,322,337	170,500,701
Accrued interest	725,252	581,136
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(6,321,564)	(5,558,514)
Net loans and advances to customers	194,726,025	165,523,323

(e) Overdue loans analyzed by overdue period

	30 June 2019				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	482,423	475,222	51,516	1,331	1,010,492
Guaranteed loans	3,138,384	919,751	965,892	97,258	5,121,285
Collateralized	1,710,542	471,499	307,620	331,183	2,820,844
Pledged	23,497	141,967	94,738	13,058	273,260
Total	5,354,846	2,008,439	1,419,766	442,830	9,225,881
As a percentage of gross loans and advances to customers	2.68%	1.00%	0.71%	0.22%	4.61%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

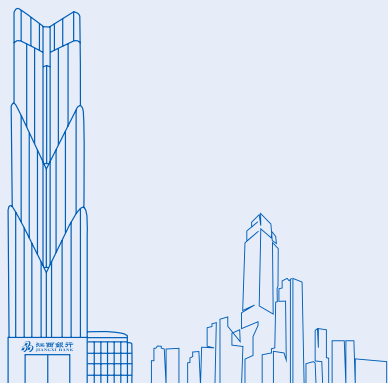
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

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

	31 December 2018				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	292,528	234,533	72,490	2,602	602,153
Guaranteed loans	2,037,922	812,271	664,312	55,874	3,570,379
Collateralized	965,757	251,488	295,274	265,003	1,777,522
Pledged	82,465	163,949	60,062	10,060	316,536
Total	3,378,672	1,462,241	1,092,138	333,539	6,266,590
As a percentage of gross loans and advances to customers	1.98%	0.86%	0.64%	0.20%	3.68%

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



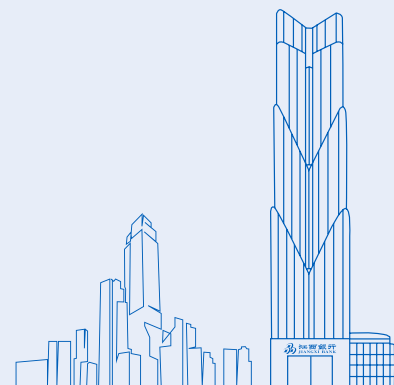
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 2019			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	169,899,504	14,131,149	4,183,246	188,213,899
Accrued interest	694,247	30,781	224	725,252
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,446,410)	(1,886,006)	(2,989,148)	(6,321,564)
Carrying amount of loans and advances to customers measured at amortized cost	169,147,341	12,275,924	1,194,322	182,617,587
Carrying amount of loans and advances to customers measured at FVOCI	12,103,487	4,951	–	12,108,438
Total carrying amount of loans and advances to customers	181,250,828	12,280,875	1,194,322	194,726,025



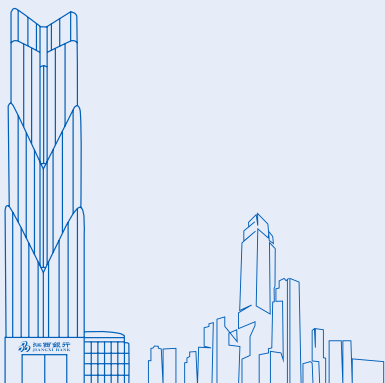
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 2018			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	108,620,738	49,958,699	3,420,354	161,999,791
Accrued interest	487,662	93,128	346	581,136
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(575,414)	(2,583,944)	(2,399,156)	(5,558,514)
Carrying amount of loans and advances to customers measured at amortized cost	108,532,986	47,467,883	1,021,544	157,022,413
Carrying amount of loans and advances to customers measured at FVOCI	8,207,716	293,194	-	8,500,910
Total carrying amount of loans and advances to customers	116,740,702	47,761,077	1,021,544	165,523,323



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

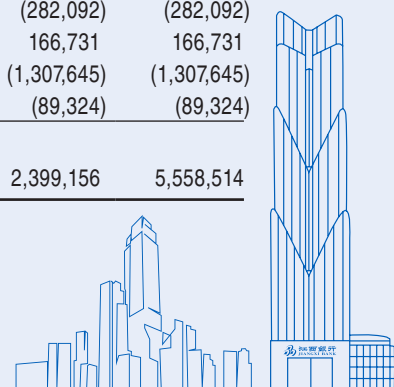
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at 1 January	575,414	2,583,944	2,399,156	5,558,514
Transferred				
– to 12-month ECL	64,515	(59,717)	(4,798)	–
– to lifetime ECL not credit-impaired	(4,988)	66,020	(61,032)	–
– to lifetime ECL credit-impaired	(3,917)	(78,886)	82,803	–
Charged/(released) for the period	815,386	(625,355)	1,436,572	1,626,603
Recoveries	–	–	96,685	96,685
Write-offs	–	–	(906,271)	(906,271)
Others	–	–	(53,967)	(53,967)
As at 30 June	1,446,410	1,886,006	2,989,148	6,321,564
	Year ended 31 December 2018			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at 1 January	295,810	2,477,203	1,891,273	4,664,286
Transferred				
– to 12-month ECL	163,155	(147,843)	(15,312)	–
– to lifetime ECL not credit-impaired	(9,010)	9,748	(738)	–
– to lifetime ECL credit-impaired	(1,895)	(119,913)	121,808	–
Charged for the year	127,354	364,749	1,914,455	2,406,558
Transferred out	–	–	(282,092)	(282,092)
Recoveries	–	–	166,731	166,731
Write-offs	–	–	(1,307,645)	(1,307,645)
Others	–	–	(89,324)	(89,324)
As at 31 December	575,414	2,583,944	2,399,156	5,558,514



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

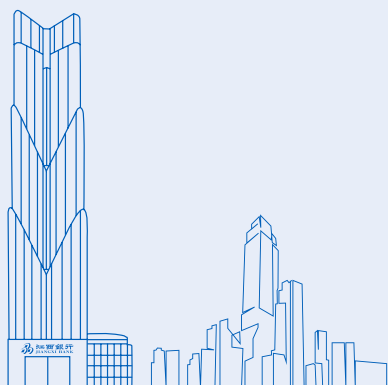
17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(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 2019			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	5,962	3,794	–	9,756
Transferred				
– to lifetime ECL not credit-impaired	(2)	2	–	–
Charged/(released) for the period	2,730	(3,793)	–	(1,063)
As at 30 June	8,690	3	–	8,693

	Year ended 31 December 2018			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	197	5,751	–	5,948
Charged/(released) for the year	5,765	(1,957)	–	3,808
As at 31 December	5,962	3,794	–	9,756



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

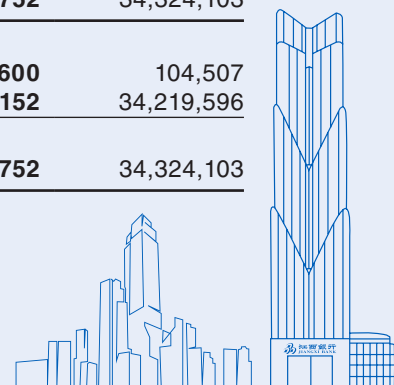
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS

	Note	30 June 2019	31 December 2018
Financial investments at fair value through profit or loss	(a)	37,203,752	34,324,103
Financial investments at fair value through other comprehensive income	(b)	27,576,151	34,338,819
Financial investments at amortized cost	(c)	125,163,703	122,041,078
Total		189,943,606	190,704,000

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

	Note	30 June 2019	31 December 2018
Financial investments held for trading			
Debt securities issued by the following institutions in mainland China			
– Government		150,460	60,919
– Policy banks		2,397,879	1,565,443
– Commercial banks and other financial institutions		–	300,456
– Corporate		704,658	930,793
Sub-total		3,252,997	2,857,611
Financial investments designated as at FVTPL			
Debt securities issued by the following institutions in mainland China			
– Commercial banks and other financial institutions		381,614	853,198
– Corporate		145,709	12,515
Equity instruments	(i)	100,600	104,507
Fund investments	(ii)	18,798,522	18,919,490
Other financial investments	(iii)	14,524,310	11,576,782
Total		37,203,752	34,324,103
Listed		100,600	104,507
Unlisted		37,103,152	34,219,596
Total		37,203,752	34,324,103



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

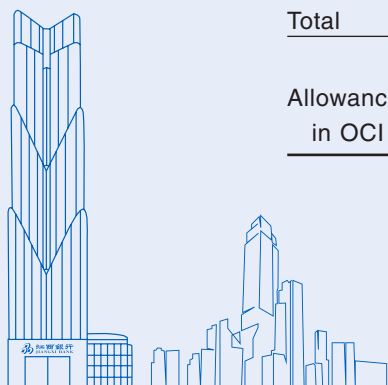
18 FINANCIAL INVESTMENTS (Continued)

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

- (i) Equity instruments are acquired by the Group through debt repayment. The Group intends to dispose of them at appropriate opportunity.
- (ii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.
- (iii) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions, investment management products managed by securities companies and trust plans.

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

	Note	30 June 2019	31 December 2018
Debt securities issued by the following			
institutions in mainland China	(i)		
– Government		2,392,787	5,156,536
– Policy banks		6,836,435	9,051,744
– Corporate		938,682	1,502,107
Sub-total		10,167,904	15,710,387
Investment management products managed			
by securities companies and trust plans		17,103,029	18,190,994
Equity instruments	(ii)	10,250	10,250
Accrued interest		294,968	427,188
Total		27,576,151	34,338,819
Unlisted		27,576,151	34,338,819
Total		27,576,151	34,338,819
Allowances for impairment losses recognized			
in OCI	(iii)	(886,395)	(388,959)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

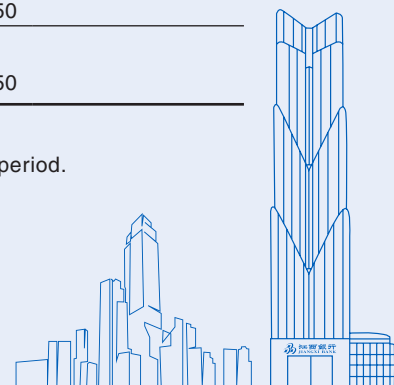
(b) Financial investments at fair value through other comprehensive income (Continued)

- (i) At the end of the reporting period, certain financial investments at fair value through other comprehensive income were pledged as security for repurchase agreements. See Note 38(f).
- (ii) On 1 January 2018, the Group designated the investments shown in the table above 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:

	30 June 2019	Dividend income recognized for the six months ended 30 June 2019
Clearing Centre for City Commercial Banks	250	–
China UnionPay	10,000	1,500
Total	10,250	1,500
Unlisted	10,250	
Total	10,250	

	31 December 2018	Dividend income recognized for the year ended 31 December 2018
Clearing Centre for City Commercial Banks	250	–
China UnionPay	10,000	1,100
Total	10,250	1,100
Unlisted	10,250	
Total	10,250	

The Group did not sell the above equity instruments during the reporting period.



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 are as follows:

	Six months ended 30 June 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	236,325	32,634	120,000	388,959
Transferred:				
– to 12-month ECL	4,403	(4,403)	–	–
– to lifetime ECL credit-impaired	(4,045)	(20,719)	24,764	–
(Released)/Charged for the period	(25,335)	4,037	518,734	497,436
As at 30 June	211,348	11,549	663,498	886,395

	Year ended 31 December 2018			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	180,128	–	–	180,128
– Transferred to lifetime ECL not credit-impaired	(15,633)	15,633	–	–
Charged for the year	71,830	17,001	120,000	208,831
As at 31 December	236,325	32,634	120,000	388,959



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

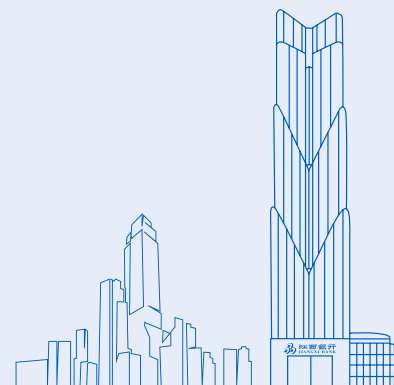
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost

	Note	30 June 2019	31 December 2018
Debt securities issued by the following institutions in mainland China	(i)		
– Government		9,890,394	7,032,157
– Policy banks		17,419,116	15,445,100
– Commercial banks and other financial institutions		30,000	730,000
Sub-total		27,339,510	23,207,257
Investment management products managed by securities companies and trust plans		101,227,907	101,853,335
Accrued interest		1,014,931	927,336
Less: Allowances for impairment losses	(ii)	(4,418,645)	(3,946,850)
Net carrying amount		125,163,703	122,041,078
Unlisted		125,163,703	122,041,078
Total		125,163,703	122,041,078

- (i) As the end of the reporting period, certain debt securities were pledged for repurchase agreements. See Note 38(f).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

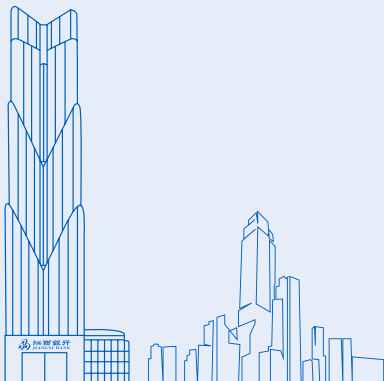
18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost (Continued)

(ii) Movements of allowances for impairment of financial investments at amortized cost are as follows:

	Six months ended 30 June 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	1,603,073	103,195	2,240,582	3,946,850
Transferred:				
– to 12-month ECL	7,873	(7,873)	–	–
– to lifetime ECL not credit-impaired	(4,476)	142,594	(138,118)	–
– to lifetime ECL credit-impaired	(12,506)	(37,292)	49,798	–
(Released)/Charged for the period	(811,502)	278,133	1,005,164	471,795
As at 30 June	782,462	478,757	3,157,426	4,418,645

	Year ended 31 December 2018			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	1,007,560	–	1,167,459	2,175,019
Transferred:				
– to 12-month ECL	6,352	–	(6,352)	–
– to lifetime ECL not credit-impaired	(19,075)	175,304	(156,229)	–
– to lifetime ECL credit-impaired	(43,242)	–	43,242	–
Charged/(Released) for the year	651,478	(72,109)	1,192,462	1,771,831
As at 31 December	1,603,073	103,195	2,240,582	3,946,850



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

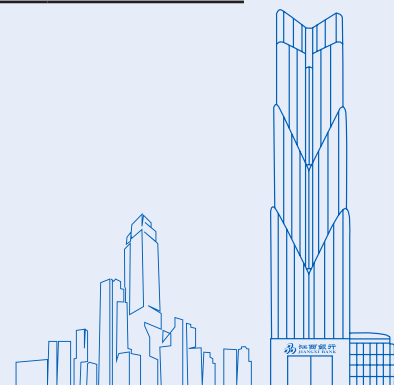
19 INTEREST IN ASSOCIATES

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 2019	31 December 2018
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		57,448	54,569
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		24,953	18,109
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")		17,937	17,202
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		13,804	13,705
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")		4,683	10,137
Total	(a)/(b)	118,825	113,722

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

	30 June 2019	31 December 2018
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	118,825	113,722
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	103	(15,544)
– Other comprehensive income	–	–
– Total comprehensive income	103	(15,544)



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. The Bank holds 28.18% of equity interest of Nanchang Dafeng.
 - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. On 10 January 2019, Jiangxi Banking and Insurance Regulatory Bureau promulgated Ganyinbaojianfu [2019] No.30 <Approval of the change of equity of Nanfeng Judu County Bank Co., Ltd.>, agreeing the shareholder of Nanfeng Judu, ZhengBang Group Co., Ltd., to transfer 5 million shares at the price of RMB1.00 of Nanfeng Judu to the Bank. As at 30 June 2019, the Bank holds 40% of equity interest of Nanfeng Judu (31 December 2018: 30%).
 - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping, 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. The Bank holds 20% of equity interest of Si Ping De Feng.
 - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. The Bank holds 30% of equity interest of Guangchang Nanyin.
 - (v) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services. The Bank holds 30% of equity interest of Jinxian Ruifeng.

20 INVESTMENTS IN SUBSIDIARY

	30 June 2019	31 December 2018
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	1,734,000	1,734,000

Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services. In accordance with the resolution on the capital increase of Jiangxi Financial Leasing Co., Ltd. at the Bank's Annual General Meeting on 20 April 2017, the Bank subscribed for 1.02 billion shares at the price of RMB1.20 per share in JXFL on 13 February 2018. As at 30 June 2019, the Bank holds 75.74% of equity interest of JXFL (31 December 2018: 75.74%).

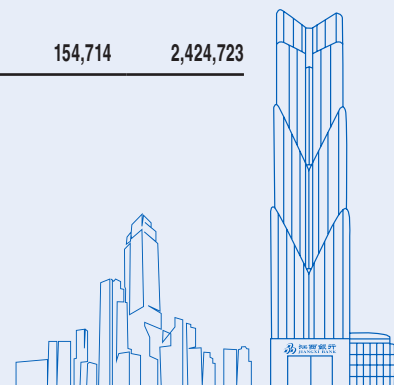


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 2018	2,372,910	377,123	656,706	122,270	225,613	3,754,622
Additions	4,010	124,453	38,883	488	48,544	216,378
Transfers in/(out of) construction in progress	208,213	(451,467)	37,327	106,867	5,719	(93,341)
Disposals	-	-	(3,739)	(3,302)	(4,108)	(11,149)
As at 31 December 2018	2,585,133	50,109	729,177	226,323	275,768	3,866,510
As at 1 January 2019	2,585,133	50,109	729,177	226,323	275,768	3,866,510
Additions	-	21,991	6,874	1,084	36,798	66,747
Transfers (out of)/in construction in progress	-	(12,742)	772	-	-	(11,970)
Disposals	(90)	-	(3,134)	-	(2,132)	(5,356)
As at 30 June 2019	2,585,043	59,358	733,689	227,407	310,434	3,915,931
Accumulated depreciation:						
As at 1 January 2018	(444,556)	-	(491,832)	(67,810)	(107,527)	(1,111,725)
Charged for the year	(111,686)	-	(84,529)	(24,569)	(33,272)	(254,056)
Disposals	-	-	3,611	120	3,178	6,909
As at 31 December 2018	(556,242)	-	(572,750)	(92,259)	(137,621)	(1,358,872)
As at 1 January 2019	(556,242)	-	(572,750)	(92,259)	(137,621)	(1,358,872)
Charged for the period	(59,984)	-	(36,555)	(20,720)	(20,154)	(137,413)
Disposals	-	-	3,022	-	2,055	5,077
As at 30 June 2019	(616,226)	-	(606,283)	(112,979)	(155,720)	(1,491,208)
Net book value:						
As at 31 December 2018	2,028,891	50,109	156,427	134,064	138,147	2,507,638
As at 30 June 2019	1,968,817	59,358	127,406	114,428	154,714	2,424,723



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 PROPERTY AND EQUIPMENT (Continued)

At 30 June 2019, the net book values of premises of which title deeds were not yet finalized were RMB132.32 million (31 December 2018: RMB154.73 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.

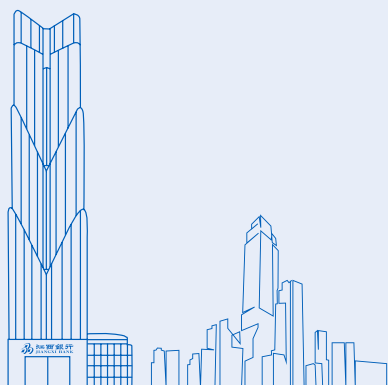
The net book values of premises at the end of the reporting period are analyzed by the remaining terms of the leases as follows:

	30 June 2019	31 December 2018
Held in mainland China		
– Medium-term leases (10 – 50 years)	1,968,817	2,028,891

22 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analyzed by nature

	30 June 2019	31 December 2018
Deferred tax assets	2,565,802	2,262,904
Deferred tax liabilities	(118,790)	(68,509)
Net balances	2,447,012	2,194,395



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

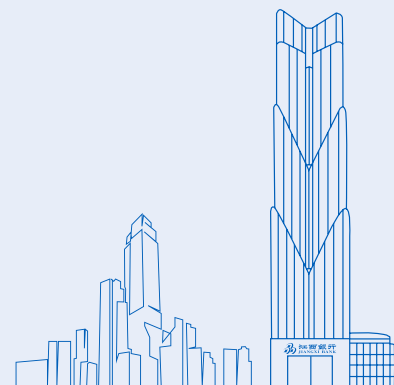
22 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Movements of deferred tax

	Allowance for impairment losses Note (i)	Accrued staff cost	Fair value changes of financial instruments Note (ii)	Others	Net balance of deferred tax assets
1 January 2018	1,492,388	44,562	124,942	60,152	1,722,044
Recognized in profit or loss	617,813	7,003	(47,058)	40,986	618,744
Recognized in other comprehensive income	–	–	(146,393)	–	(146,393)
31 December 2018	2,110,201	51,565	(68,509)	101,138	2,194,395
1 January 2019	2,110,201	51,565	(68,509)	101,138	2,194,395
Recognized in profit or loss	351,912	(4,627)	(60,387)	(4,644)	282,254
Recognized in other comprehensive income	–	–	(29,637)	–	(29,637)
30 June 2019	2,462,113	46,938	(158,533)	96,494	2,447,012

(i) The Group provided allowances for impairment losses on loans and advances to customers and other assets. The allowances for impairment losses were determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfill specific criteria as set out in the PRC tax rules and are approved by the tax authorities.

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

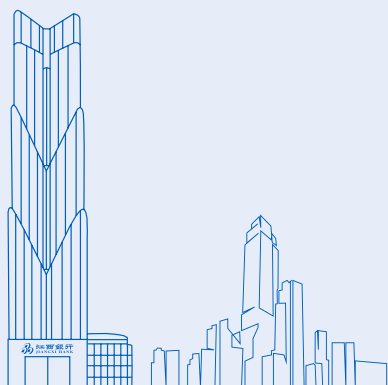
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS

	Note	30 June 2019	31 December 2018
Right-of-use assets, except for investment properties	(a)	1,244,659	–
Prepayments for acquisition of property and equipment		717,996	694,825
Interest receivable	(b)	357,634	222,842
Long-term deferred expenses		187,526	251,883
Land use rights	(c)	148,459	150,963
Intangible assets	(d)	110,539	106,505
Repossessed assets	(e)	108,220	109,231
Settlement and clearing accounts		81,476	89,467
Deferred expenses		48,325	55,143
Investment properties		13,260	13,442
Others		231,152	427,228
Gross balance		3,249,246	2,121,529
Less: Allowances for impairment losses		(48,074)	(37,289)
Net balance		3,201,172	2,084,240

(a) Right-of-use assets

As at 1 January 2019	1,289,960
Additions	22,822
Depreciation charged for the period	(68,123)
Balance as at 30 June 2019	1,244,659



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

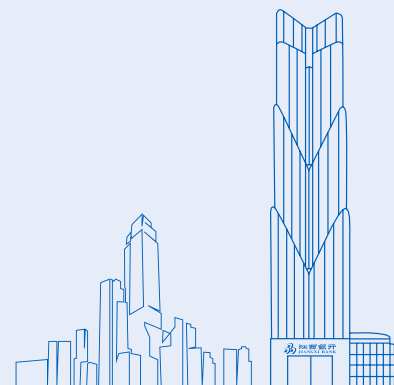
23 OTHER ASSETS (Continued)

(b) Interest receivable

	30 June 2019	31 December 2018
Interest receivable arising from:		
Financial investments	276,927	169,439
Loans and advances to customers	80,707	53,403
Total	357,634	222,842

(c) Land use rights

	30 June 2019	31 December 2018
Located in Mainland China		
Over 50 years	24,465	24,465
10 – 50 years	123,994	126,498
Total	148,459	150,963



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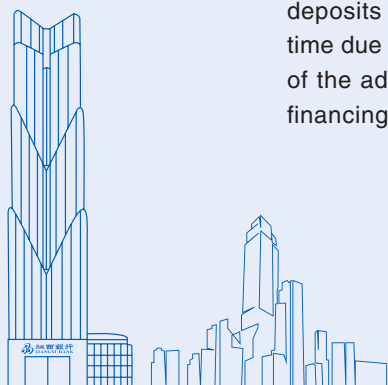
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(d) Intangible assets

Cost:	
As at 1 January 2018	87,793
Additions	72,828
As at 31 December 2018	160,621
As at 1 January 2019	160,621
Additions	10,557
As at 30 June 2019	171,178
Accumulated amortization:	
As at 1 January 2018	(46,749)
Charged for the year	(7,367)
As at 31 December 2018	(54,116)
As at 1 January 2019	(54,116)
Charged for the period	(6,523)
As at 30 June 2019	(60,639)
Net book value:	
As at 31 December 2018	106,505
As at 30 June 2019	110,539

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)

23 OTHER ASSETS (Continued)

(e) Repossessed assets

	30 June 2019	31 December 2018
Land use rights and buildings	108,220	109,231
Less: Impairment allowances	(11,547)	(11,565)
Net repossessed assets	96,673	97,666

24 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

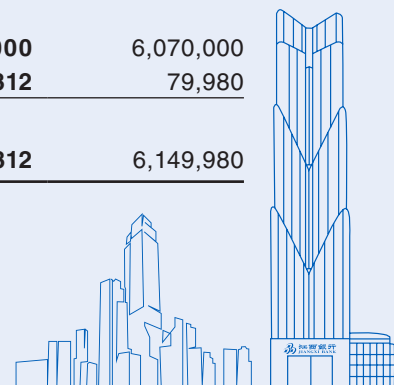
Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
Deposits in mainland China		
– Banks	15,552,129	19,763,242
– Other financial institutions	15,616,432	11,760,493
Accrued interest	403,026	340,155
Total	31,571,587	31,863,890

25 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
Placements in mainland China		
– Banks	2,220,000	6,070,000
Accrued interest	5,812	79,980
Total	2,225,812	6,149,980



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

26 BORROWING FROM OTHER FINANCIAL INSTITUTIONS

	30 June 2019	31 December 2018
In mainland China		
– Credit borrowings	12,601,000	10,773,566
Accrued interest	129,905	171,132
Total	12,730,905	10,944,698

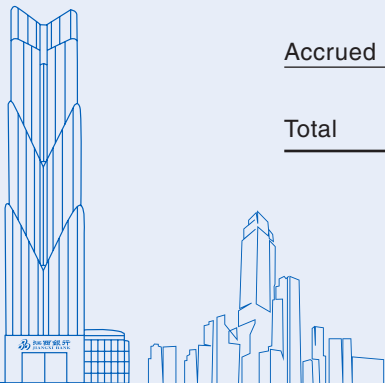
27 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2019	31 December 2018
In mainland China		
– Banks	14,065,571	10,182,772
Accrued interest	1,789	4,075
Total	14,067,360	10,186,847

(b) Analyzed by collaterals

	30 June 2019	31 December 2018
Debt securities		
– Government	803,600	–
– Policy banks	13,261,971	10,182,772
Sub-total	14,065,571	10,182,772
Accrued interest	1,789	4,075
Total	14,067,360	10,186,847

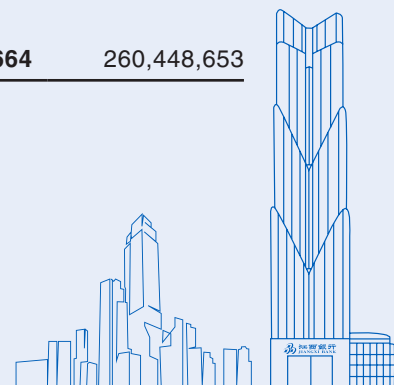


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

28 DEPOSITS FROM CUSTOMERS

	30 June 2019	31 December 2018
Demand deposits		
– Corporate customers	114,818,586	117,737,508
– Individual customers	18,750,021	19,289,361
Sub-total	133,568,607	137,026,869
Time deposits		
– Corporate customers	78,235,209	63,772,441
– Individual customers	54,084,716	45,616,960
Sub-total	132,319,925	109,389,401
Pledged deposits		
– Acceptances	6,670,941	6,225,961
– Letters of guarantees	2,575,956	2,164,502
– Letters of credit	938,158	679,940
– Others	55,966	56,410
Sub-total	10,241,021	9,126,813
Inward and outward remittances	58,446	43,276
Structured deposits		
– Corporate customers	487,850	407,990
– Individual customers	740,590	1,481,530
Sub-total	1,228,440	1,889,520
Accrued interest	2,911,225	2,972,774
Total	280,327,664	260,448,653



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

29 DEBT SECURITIES ISSUED

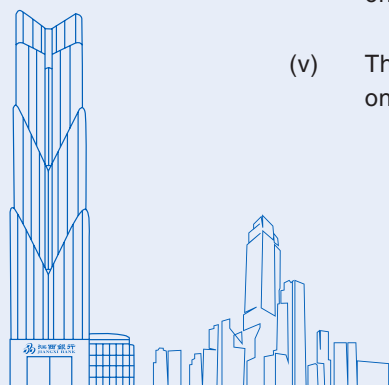
	Note	30 June 2019	31 December 2018
Tier-two capital debts issued	(a)	5,995,249	5,995,016
Other debt securities issued	(b)	7,997,585	7,995,513
Certificates of interbank deposits issued	(c)	44,515,062	46,892,764
Accrued interest		381,678	246,517
Total		58,889,574	61,129,810

(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%. 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%. 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 RMB2,000.00 million on 7 May 2013. The coupon interest rate per annum is 4.80%. The Group redeemed the bonds on 9 May 2018.
- (ii) The Group issued 3-year fixed interest rate bonds with face value of RMB3,500.00 million on 12 July 2016. The coupon interest rate per annum is 3.41%.
- (iii) 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%.
- (iv) The Group issued 3-year fixed interest rate bonds with face value of RMB1,500.00 million on 4 August 2016. The coupon interest rate per annum is 3.20%.
- (v) 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%.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

29 DEBT SECURITIES ISSUED (Continued)

(c) Certificates of interbank deposits issued

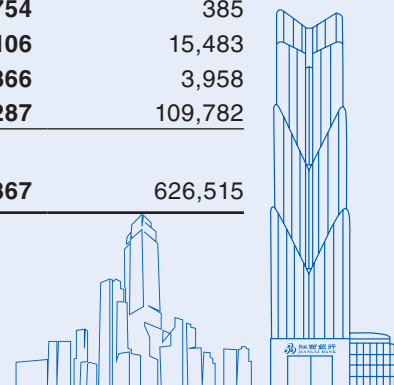
On 30 June 2019, the Group issued a number of certificates of interbank deposits with total nominal amount of RMB26,620.00 million and duration between 1-12 months. The effective interest rates ranged from 2.83% to 3.46% per annum.

30 OTHER LIABILITIES

	Note	30 June 2019	31 December 2018
Lease liabilities		1,271,871	—
Guarantee deposits from leases		903,091	791,275
Dividend payable		509,923	15,729
Settlement and clearing accounts		503,256	474,036
Accrued staff cost	(a)	479,367	626,515
Non-performing assets collection		231,150	237,573
Other tax payables		221,747	148,387
Receipt in advance		203,940	212,697
Provisions	(b)	202,089	278,859
Deferred income		130,746	113,441
Payables for purchase of fixed assets		50,208	47,959
Others		411,636	425,085
Total		5,119,024	3,371,556

(a) Accrued staff cost

	30 June 2019	31 December 2018
Salaries, bonuses and allowances	370,384	496,152
Social insurance	970	755
Housing fund	754	385
Labor union fee and employee education costs	10,106	15,483
Retirement benefit annuity plan	5,866	3,958
Early retirement benefits	91,287	109,782
Total	479,367	626,515



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

30 OTHER LIABILITIES (Continued)

(b) Provisions

	Note	30 June 2019	31 December 2018
Litigations and disputes provision		10,710	36,415
Credit commitments provision	(i)	191,379	242,444
Total		202,089	278,859

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

	Six months ended 30 June 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	208,208	1,859	32,377	242,444
Transferred:				
– to 12-month ECL	657	(480)	(177)	–
– to lifetime ECL not credit-impaired	(65)	77	(12)	–
– to lifetime ECL credit-impaired	(4)	(1,196)	1,200	–
(Released)/charged for the period	(20,245)	1,703	(32,523)	(51,065)
As at 30 June	188,551	1,963	865	191,379

	Year ended 31 December 2018			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	207,005	3,435	948	211,388
Transferred:				
– to 12-month ECL	496	(411)	(85)	–
– to lifetime ECL not credit-impaired	(3)	3	–	–
– to lifetime ECL credit-impaired	(3)	(797)	800	–
Charged/(released) for the year	713	(371)	30,714	31,056
As at 31 December	208,208	1,859	32,377	242,444



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

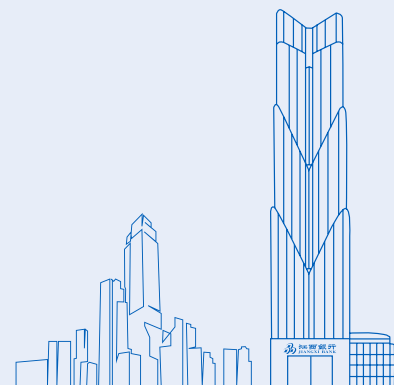
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 SHARE CAPITAL

Share capital of the Group as at 30 June 2019 and 31 December 2018 represented share capital of the Bank, which was fully paid.

	30 June 2019	31 December 2018
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

	Note	Number of shares	Amount
As at 1 January 2018		4,678,777	4,678,777
Capital contribution by equity shareholders	(i)	1,345,500	1,345,500
As at 31 December 2018		6,024,277	6,024,277
As at 1 January 2019		6,024,277	6,024,277
Capital contribution by equity shareholders		—	—
As at 30 June 2019		6,024,277	6,024,277



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 SHARE CAPITAL (Continued)

- (i) On 26 June 2018, the Bank issued 1,170.00 million H Shares with a par value of RMB1.00 at an offering price of HKD6.39 per share.

On 24 July 2018, the Bank issued 175.50 million H Shares with a par value of RMB1.00 at an offering price of HKD6.39 per share.

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

32 RESERVES

(a) Capital reserve

	Note	30 June 2019	31 December 2018
Share premium	(i)	13,291,249	13,291,249
Other comprehensive income	(ii)	1,014,316	429,033
Total		14,305,565	13,720,282

(i) Share premium

- (1) As stated in Note 31, the Bank issued H shares with a par value of RMB1.00 at an offering price of HKD6.39 per share in 2018. The premium arising from the issuance of new shares amounting to RMB5.67 billion was recorded in capital reserve.
- (2) As stated in Note 20, the Bank subscribed for 1.02 billion shares at the price of RMB1.20 per share in JXFL on 13 February 2018. Changes in the Group's interests in JXFL resulted in adjustments of the amounts of share premium.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

32 RESERVES (Continued)

(a) Capital reserve (Continued)

(ii) Other comprehensive income

	30 June 2019	31 December 2018
As at 1 January	429,033	(222,785)
Changes in fair value recognized in other comprehensive income	159,659	589,584
Transfer to profit or loss upon disposal	(41,112)	(4,012)
Changes in impairment losses recognized in other comprehensive income	496,373	212,639
Less: Deferred income tax	(29,637)	(146,393)
At the end of the reporting period	1,014,316	429,033

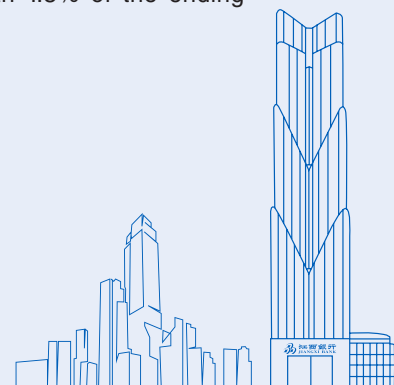
(b) Surplus reserve

The surplus reserve at the end 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 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

33 PROFIT DISTRIBUTION

In accordance with the resolution at the Bank's Annual General Meeting on 26 March 2018, the shareholders approved the following profit appropriations for the year ended 31 December 2017:

- Appropriation of statutory surplus reserve amounted to RMB283.66 million.
- Appropriation of general reserve amounted to RMB736.61 million.
- Declaration of cash dividend of RMB1.00 per 10 shares before tax and in an aggregation amount of RMB467.88 million to all existing shareholders of record on 31 December 2017.

In accordance with the resolution at the Bank's Annual General Meeting on 31 May 2019, the shareholders approved the following profit appropriations for the year ended 31 December 2018:

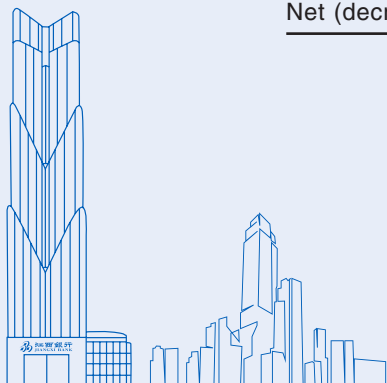
- Appropriation of statutory surplus reserve amounted to RMB265.14 million.
- Appropriation of general reserve amounted to RMB805.14 million.
- Declaration of cash dividend of RMB0.8 per 10 shares before tax and in an aggregation amount of RMB481.94 million to all existing shareholders of record on 12 June 2019.

As at 30 June 2019, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB30.64 million to surplus reserve made by subsidiary (31 December 2018: RMB30.64 million).

34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

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

	Six months ended 30 June	
	2019	2018
Cash and cash equivalents as at 30 June	22,121,983	22,318,046
Less: Cash and cash equivalents as at 1 January	(22,998,915)	(13,946,882)
Net (decrease)/increase in cash and cash equivalents	(876,932)	8,371,164



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

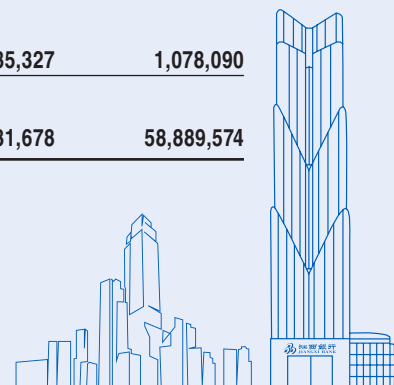
(b) Cash and cash equivalents

	30 June 2019	31 December 2018
Cash on hand	718,005	776,920
Deposits with the central bank	5,965,333	6,575,168
Deposits with banks and other financial institutions	1,447,614	1,084,157
Placements with banks and other financial institutions	1,100,000	3,600,000
Financial assets held under resale agreements	12,891,031	10,962,670
Total	22,121,983	22,998,915

(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	Interest payable arising from debt securities issued	Total
Balance as at 1 January 2019	60,883,293	246,517	61,129,810
Changes from financing cash flows:			
– Net proceeds from debt securities issued	25,931,840	–	25,931,840
– Interest paid on debt securities issued	–	(150,166)	(150,166)
– Repayment of debt securities issued	(29,100,000)	–	(29,100,000)
Total changes from financing cash flows	57,715,133	96,351	57,811,484
Other change:			
– Interest expense	792,763	285,327	1,078,090
Balance as at 30 June 2019	58,507,896	381,678	58,889,574



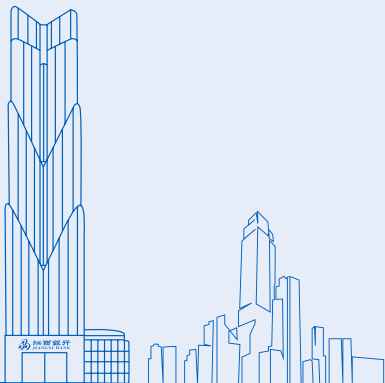
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Debt securities issued	Interest payable arising from debt securities issued	Total
Balance as at 1 January 2018	43,473,768	308,851	43,782,619
Changes from financing cash flows:			
– Net proceeds from debt securities issued	65,525,717	–	65,525,717
– Interest paid on debt securities issued	–	(671,545)	(671,545)
– Repayment of debt securities issued	(49,970,000)	–	(49,970,000)
Total changes from financing cash flows	59,029,485	(362,694)	58,666,791
Other change:			
– Interest expense	1,853,808	609,211	2,463,019
Balance as at 31 December 2018	60,883,293	246,517	61,129,810



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 2019	31 December 2018
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%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	4.21%	4.21%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	2.99%	2.99%
Jiangxi Province Investment Group Co., Ltd. ("江西省投資集團有限公司")	2.99%	2.99%
Ganshang Union (Jiangxi) Co., Ltd. ("贛商聯合(江西)有限公司")	2.46%	2.46%

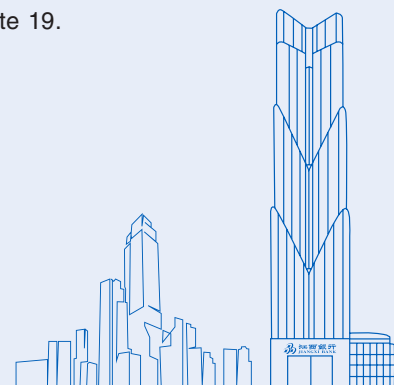
The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiary of the Bank

The detailed information of the Bank's subsidiary 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

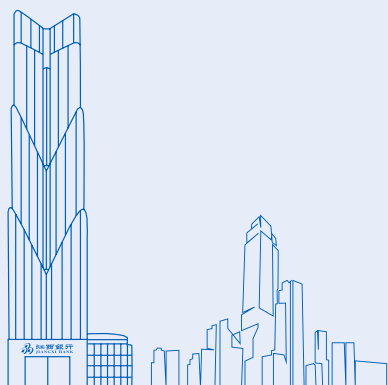
(iv) Other related parties

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

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

(i) Transactions between the Bank and major shareholders

	Six months ended 30 June	
	2019	2018
Transactions during the period:		
Interest income	18,226	18,083
Interest expense	101,591	133,944
	30 June	31 December
	2019	2018
Balances at the end of the period/year:		
Deposits from customers	22,000,646	24,247,952
Loans and advances to customers	872,555	550,593



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

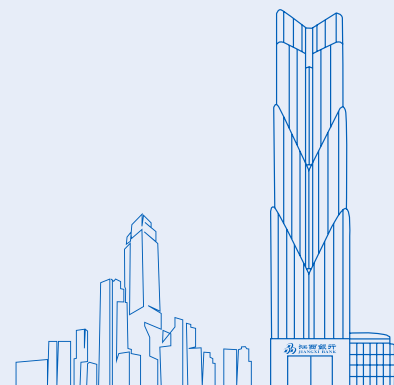
35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(ii) Transactions between the Bank and subsidiary

The subsidiary of the Bank is its related party. The transactions between the Bank and its subsidiary are eliminated on consolidation.

	Six months ended 30 June	
	2019	2018
Transactions during the period:		
Interest income	4,743	1,230
Interest expense	4,468	1,390
Fee and commission income	13	73
	30 June	31 December
	2019	2018
Balances at the end of the period/year:		
Placements with banks and other financial institutions	600,445	—
Deposits from banks and other financial institutions	543,005	343,984
Bank acceptances	102,395	238,389



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

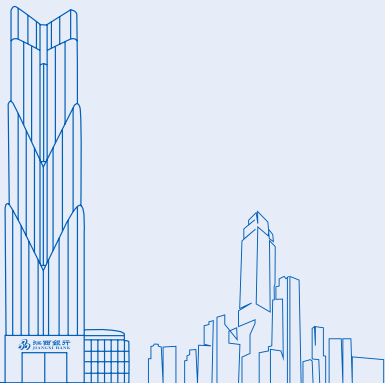
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(iii) Transactions between the Bank and associates

	Six months ended 30 June	
	2019	2018
Transactions during the period:		
Interest expense	6,547	6,743
	30 June	31 December
	2019	2018
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	527,595	508,311



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

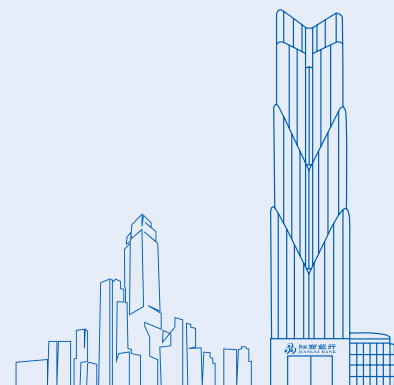
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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	
	2019	2018
Transactions during the period:		
Interest expense	36,057	26,311
Interest income	7,635	58,683
Fee and commission income	–	132
	30 June	31 December
	2019	2018
Balances at the end of the period/year:		
Deposits from customers	2,223,704	5,074,801
Deposits from banks and other financial institutions	391,217	–
Bank acceptances	254,768	437,241
Loans and advances to customers	182,905	3,171,242
Letters of guarantees	800	–
Financial investments	–	259,938



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.

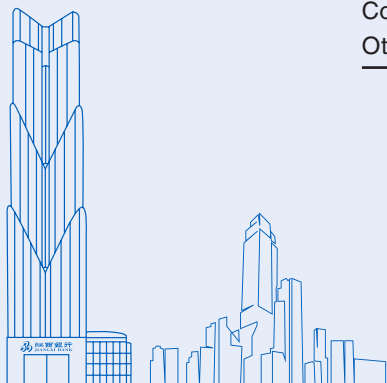
(i) Transactions between the Bank and key management personnel

	Six months ended 30 June	
	2019	2018
<hr/>		
Transactions during the period:		
Interest income	177	261
Interest expense	26	7
	<hr/>	
	30 June	31 December
	2019	2018
	<hr/>	
Balances at the end of the period/year:		
Deposits from customers	10,460	6,503
Loans and advances to customers	7,009	9,514
	<hr/>	

(ii) Key management personnel compensation

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

	Six months ended 30 June	
	2019	2018
	<hr/>	
Salaries and other emoluments	2,622	2,488
Contributions to social pension schemes	76	67
Other welfare	58	119
	<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.

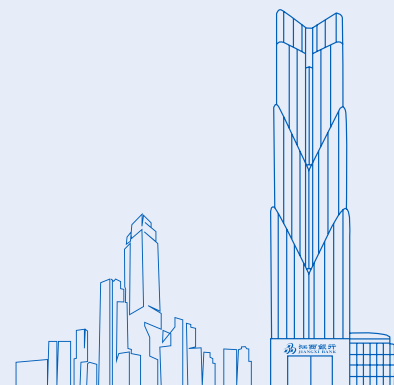
(ii) *Receivables and other non-derivative financial assets*

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.

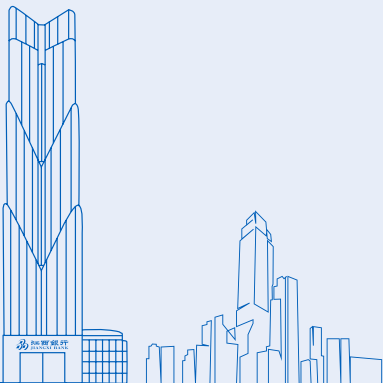
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

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:

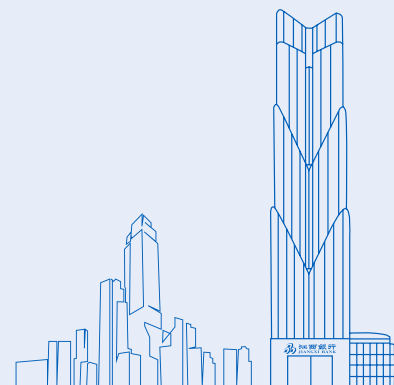
- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable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

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model. For the bank acceptance bills, the discounted rate is established based on the acceptors' credit risk and market transaction data; for the commercial acceptance bills and forfeiting, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.



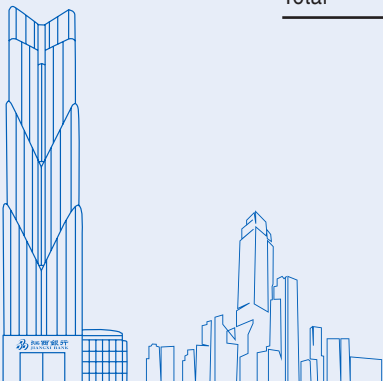
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	30 June 2019			
	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	–	–	618,635	618,635
– Discounted bills	–	–	11,489,803	11,489,803
Sub-total	–	–	12,108,438	12,108,438
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	3,634,611	145,709	3,780,320
– Equity instruments	100,600	–	–	100,600
– Fund investments	18,798,522	–	–	18,798,522
– Other financial investments	–	–	14,524,310	14,524,310
Sub-total	18,899,122	3,634,611	14,670,019	37,203,752
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	10,342,052	–	10,342,052
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	17,223,849	17,223,849
Sub-total	–	10,342,052	17,234,099	27,576,151
Total	18,899,122	13,976,663	44,012,556	76,888,341



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

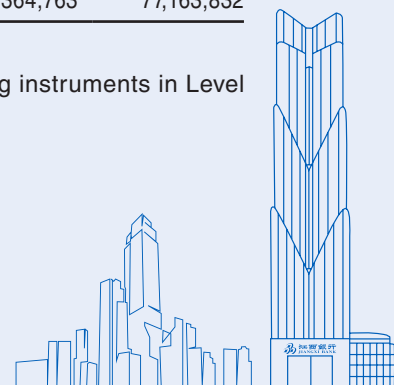
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36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2018			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	538,711	538,711
– Discounted bills	–	–	7,962,199	7,962,199
Sub-total	–	–	8,500,910	8,500,910
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	3,710,809	12,515	3,723,324
– Equity instruments	104,507	–	–	104,507
– Fund investments	18,919,490	–	–	18,919,490
– Other financial investments	–	–	11,576,782	11,576,782
Sub-total	19,023,997	3,710,809	11,589,297	34,324,103
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	16,064,263	–	16,064,263
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	18,264,306	18,264,306
Sub-total	–	16,064,263	18,274,556	34,338,819
Total	19,023,997	19,775,072	38,364,763	77,163,832

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 2019	
	Loans and advances to customers	Financial investments
As at 1 January 2019	8,500,910	29,863,853
Total gains/(losses)		
– In profit or loss for the current period	181,867	362,190
– In other comprehensive income for the current period	16,656	108,885
Purchases	11,088,516	13,075,641
Settlements	(7,679,511)	(11,506,451)
As at 30 June 2019	12,108,438	31,904,118
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	(8,693)	(422,501)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

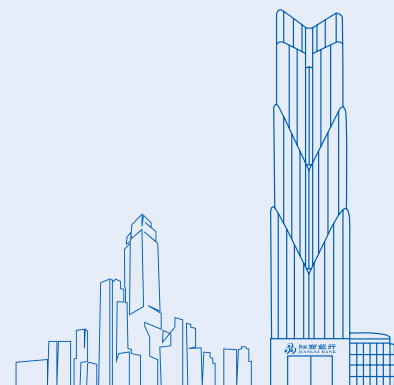
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Year ended 31 December 2018	
	Loans and advances to customers	Financial investments
As at 1 January 2018	3,525,609	25,863,312
Total gains or (losses)		
– In profit or loss for the current year	178,964	7,062,217
– In other comprehensive income for the current year	367	(35,428)
Purchases	17,008,046	27,355,109
Settlements	(12,212,076)	(30,381,357)
As at 31 December 2018	8,500,910	29,863,853
Total unrealized gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(9,756)	(344,254)

During the six months ended 30 June 2019 and the year ended 31 December 2018, there were no significant transfers into or out of Level 3.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

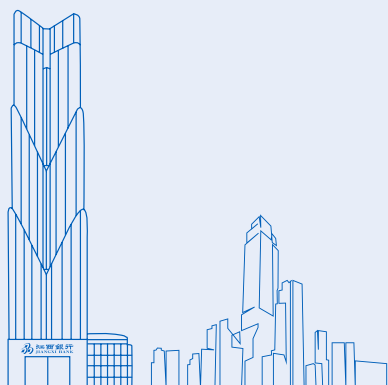
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

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 2019	Valuation techniques	Unobservable input
The Group			
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	618,635	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	11,489,803	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Investment management products managed by securities companies and trust plans	17,223,849	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	145,709	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	14,524,310	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)

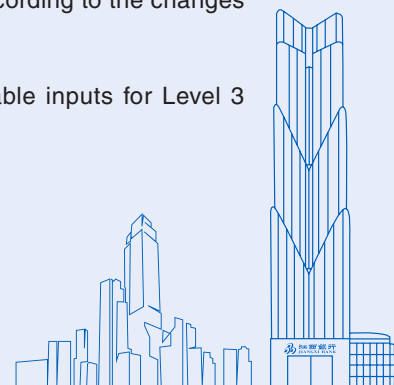
(c) Fair value hierarchy (Continued)

	Fair value as at 31 December 2018	The Group	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI				
– Corporate loans and advances	538,711		Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	7,962,199		Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income				
– Equity instruments	10,250		Discounted cash flow	Risk-adjusted discount rate, cash flow
– Investment management products managed by securities companies and trust plans	18,264,306		Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss				
– Debt securities	12,515		Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	11,576,782		Discounted cash flow	Risk-adjusted discount rate, cash flow

During the six months ended 30 June 2019 and the year ended 31 December 2018, there were no significant change in the valuation techniques.

As at 30 June 2019 and 31 December 2018, 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 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

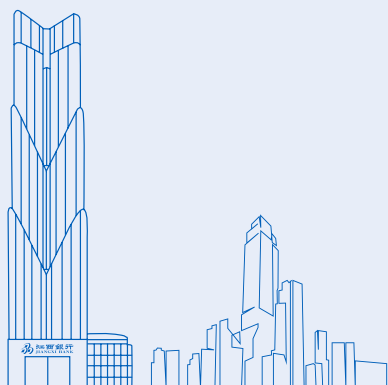
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36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

The fair value of financial instruments are, in certain circumstances, measured using valuation models which incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair value due to parallel movement of plus or minus 2 percent of change in fair value to reasonably possible alternative assumptions.

	30 June 2019	
	Effect on profit or loss or other comprehensive income	
	Favourable	(Unfavourable)
<hr/>		
Loans and advances to customers measured at FVOCI		
– Corporate loans and advances	12,373	(12,373)
– Discounted bills	229,796	(229,796)
Financial investments at fair value through other comprehensive income		
– Investment management products managed by securities companies and trust plans	344,477	(344,477)
– Equity instruments	205	(205)
Financial investments at fair value through profit or loss		
– Debt securities	2,914	(2,914)
– Other financial investments	290,486	(290,486)
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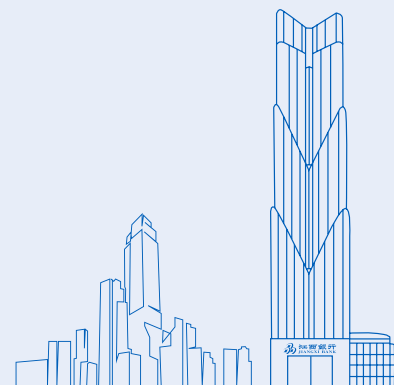
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2018	
	Effect on profit or loss or other comprehensive income	
	Favourable	(Unfavourable)
Loans and advances to customers measured at FVOCI		
– Corporate loans and advances	10,774	(10,774)
– Discounted bills	159,244	(159,244)
Financial investments at fair value through other comprehensive income		
– Investment management products managed by securities companies and trust plans	365,286	(365,286)
– Equity instruments	205	(205)
Financial investments at fair value through profit or loss		
– Debt securities	250	(250)
– Other financial investments	231,536	(231,536)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

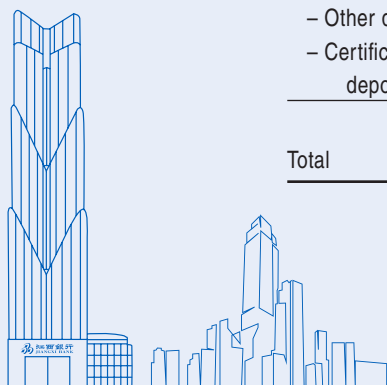
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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 2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost					
– debt securities	27,337,143	27,472,532	–	27,472,532	–
Financial liabilities					
– Tier-two capital debts issued	5,995,249	6,060,093	–	6,060,093	–
– Other debt securities issued	7,997,585	7,996,974	–	7,996,974	–
– Certificates of interbank deposits issued	44,515,062	43,876,875	–	43,876,875	–
Total	58,507,896	57,933,942	–	57,933,942	–
	31 December 2018				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	23,206,693	23,326,570	–	23,326,570	–
Financial liabilities					
– Tier-two capital debts issued	5,995,016	6,044,514	–	6,044,514	–
– Other debt securities issued	7,995,513	7,963,371	–	7,963,371	–
– Certificates of interbank deposits issued	46,892,764	46,134,046	–	46,134,046	–
Total	60,883,293	60,141,931	–	60,141,931	–



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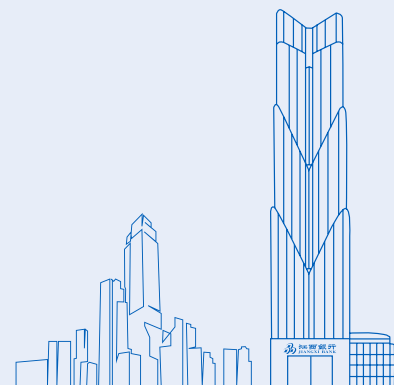
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37 ENTRUSTED LENDING BUSINESS

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.

At the end of the reporting period, the entrusted assets and liabilities were as follows:

	30 June 2019	31 December 2018
Entrusted loans	57,736,463	61,674,908
Entrusted funds	57,736,463	61,674,908



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES

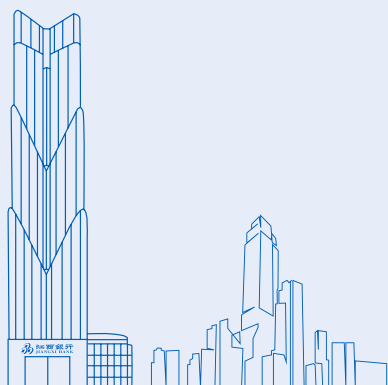
(a) Credit commitments

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 2019	31 December 2018
Loan commitments		
– Original contractual maturity within one year	84,100	35,000
– Original contractual maturity more than one year (inclusive)	469,820	484,820
Sub-total	553,920	519,820
Unused credit card commitments		
– Original contractual maturity within one year	5,799,170	5,803,017
Bank acceptances	16,901,959	17,482,026
Letters of credit	2,393,439	1,401,309
Letters of guarantees	7,787,804	4,928,763
Total	33,436,292	30,134,935

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 2019	31 December 2018
Credit risk weighted amount	16,131,411	15,726,089

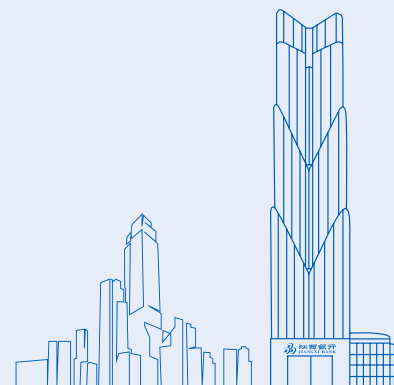
The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the former CBRC.

(c) Operating lease commitments

As at 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2018
Within one year (inclusive)	161,865
After one year but within five years (inclusive)	432,943
After five years	154,315
Total	749,123

The Group is the lessee in respect of a number of properties and items of plant and machinery and office equipment held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognize lease liabilities relating to these leases (see Note 3). From 1 January 2019 onwards, future lease payments are recognized as lease liabilities in the statement of financial position in accordance with the policies set out in Note 3.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(d) Capital commitments

At the end of the reporting period, the Group's authorized capital commitments are as follows:

	30 June 2019	31 December 2018
Contracted but not paid for	15,656	48,840
Authorized but not contracted for	709	–
Total	16,365	48,840

(e) Outstanding litigations and disputes

As at 30 June 2019, the Group was the defendant in certain pending litigations and disputes with an estimated gross amounts of RMB1,707.56 million (31 December 2018: RMB1,531.98 million). According to the opinion of the Group's external lawyers, the Group recognized the related litigation provision (see Note 30(b)), which they believed to be reasonable and sufficient.

The Bank was involved in a bill dispute litigation with Bank A since March 2017 where Bank A bring suit in court in order to terminate "bank acceptance bill discounting contract" with the Bank. Bank A also requested the Bank to pay back the bill payment of RMB1,483.48 million, together with liquidated damages as stipulated in relevant agreements and relevant litigation fees and costs. On 15 November 2018, Shandong Higher People's Court announced publicly the first instance judgment on the case and the Bank won. On 15 May 2019, the case was in second instance, and the Bank's directors and its legal advisor of this litigation are of the view that, based on the evidence currently available, the likelihood of the Bank losing the second instance of this bill dispute litigation is low, therefore, no provision has been made by the Bank for the estimated losses of this bill dispute litigation.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(f) Pledged assets

(i) Assets pledged as collaterals

Analyzed by collaterals

	30 June 2019	31 December 2018
Debt securities		
– Government	3,680,000	–
– Policy banks	10,184,139	10,542,579
Total	13,864,139	10,542,579

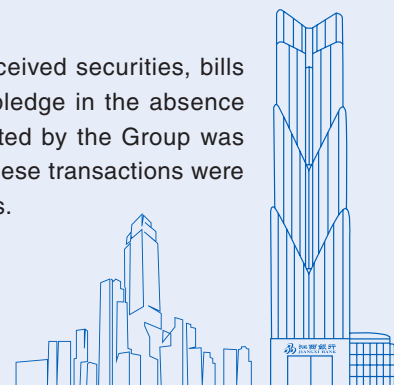
Analyzed by asset types

	30 June 2019	31 December 2018
Financial investment		
– Financial assets at fair value through other comprehensive income	900,000	2,044,759
– Financial assets at amortized cost	12,560,000	8,497,820
– Financial assets at fair value through profit or loss	404,139	–
Total	13,864,139	10,542,579

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

(ii) Received pledged assets

As part of the reverse repurchase agreements, the Group has received securities, bills and other documents as collateral that it is allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was RMB504.97 million as at 30 June 2019 (31 December 2018: nil). These transactions were conducted under standard terms in the normal course of business.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(g) 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 2019	31 December 2018
Redemption obligations	1,307	1,421

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)

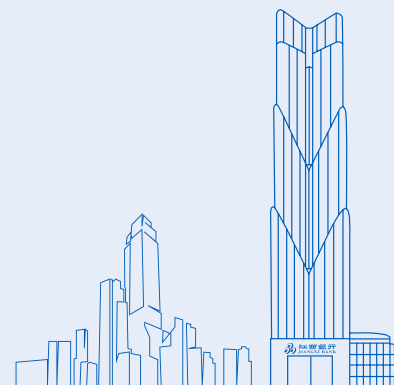
39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(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 as at 30 June 2019 and 31 December 2018:

	30 June 2019	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	33,322,832	33,322,832
Financial investments at fair value through other comprehensive income	17,103,029	17,103,029
Financial investments at amortized cost	96,811,630	96,811,630
Total	147,237,491	147,237,491



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 2018	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	30,496,272	30,496,272
Financial investments at fair value through other comprehensive income	18,190,994	18,190,994
Financial investments at amortized cost	97,907,049	97,907,049
Total	146,594,315	146,594,315

As at 30 June 2019 and 31 December 2018, 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 2019, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, are RMB32,834.40 million (31 December 2018: RMB32,630.85 million).

(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 as at 30 June 2019 and 2018

During the six months ended 30 June 2019, 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 RMB6,145.51 million (six months ended 30 June 2018: RMB9,407.65 million). During the six months ended 30 June 2019, the Group recorded commission income as the manager of these wealth management products amounting to RMB7.16 million (six months ended 30 June 2018: RMB2.94 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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.

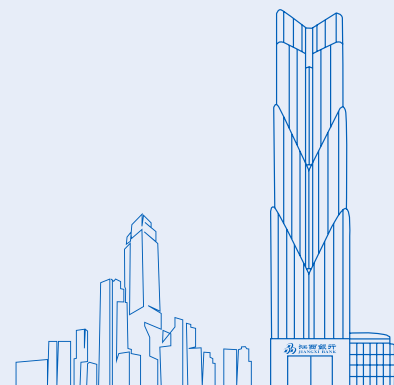
The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

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

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.



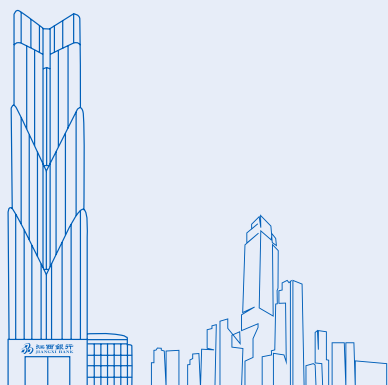
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios at 30 June 2019 and 31 December 2018 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBRC are as follows:

	30 June 2019	31 December 2018
Total core tier-one capital	34,305,106	32,499,536
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	14,305,565	13,720,282
– Surplus reserve	2,518,794	2,518,794
– General reserve	5,505,856	5,505,856
– Retained earnings	5,617,537	4,457,010
– Qualifying portions of non-controlling interests	333,077	273,317
Core tier-one capital deductions	(229,364)	(220,227)
Net core tier-one capital	34,075,742	32,279,309
Other tier-one capital	44,410	36,442
Net tier-one capital	34,120,152	32,315,751
Tier-two capital	8,522,747	8,392,784
– Qualifying portions of tier-two capital instruments issued	6,000,000	6,000,000
– Surplus allowances for loan impairment	2,433,926	2,319,900
– Qualifying portions of non-controlling interests	88,821	72,884
Net capital base	42,642,899	40,708,535
Total risk weighted assets	328,386,642	299,426,697
Core tier-one capital adequacy ratio	10.38%	10.78%
Tier-one capital adequacy ratio	10.39%	10.79%
Capital adequacy ratio	12.99%	13.60%



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.

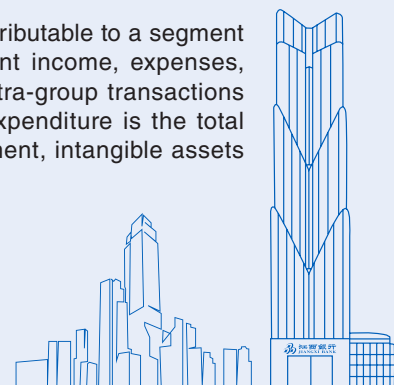
Others

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.



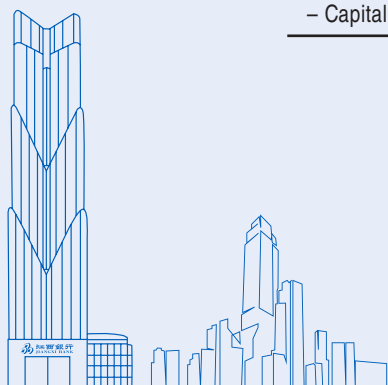
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

	Six months ended 30 June 2019				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	1,299,875	1,565,359	2,344,224	–	5,209,458
Internal net interest income/(expense)	1,327,328	65,956	(1,449,829)	56,545	–
Net interest income	2,627,203	1,631,315	894,395	56,545	5,209,458
Net fee and commission income/(expense)	265,610	(115,120)	158,103	(4,308)	304,285
Net trading gains	–	–	79,562	–	79,562
Net gains arising from financial investments	3,656	–	751,320	–	754,976
Other operating (expenses)/income	(23,618)	8,587	8,295	45,024	38,288
Operating income	2,872,851	1,524,782	1,891,675	97,261	6,386,569
Operating expenses	(527,353)	(580,384)	(418,578)	(4,523)	(1,530,838)
Impairment losses on assets	(1,405,859)	(337,946)	(799,796)	(15,475)	(2,559,076)
Share of profits of associates	–	–	–	103	103
Profit before taxation	939,639	606,452	673,301	77,366	2,296,758
Segment assets	123,660,022	91,881,883	230,072,957	1,112,857	446,727,719
Segment liabilities	(216,931,905)	(75,294,610)	(119,393,704)	(534,744)	(412,154,963)
Other segment information					
– Credit commitments	27,637,122	5,799,170	–	–	33,436,292
– Depreciation and amortization	64,131	84,664	110,022	1,238	260,055
– Capital expenditure	17,994	23,755	30,870	347	72,966



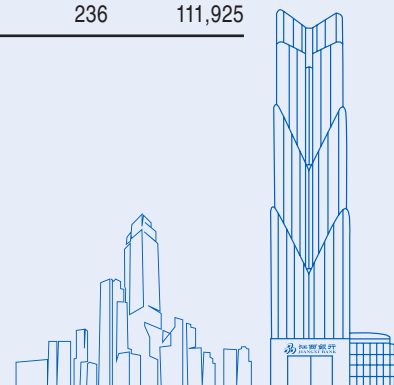
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

	Six months ended 30 June 2018				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	997,910	921,319	2,211,844	–	4,131,073
Internal net interest income/(expense)	1,283,786	328,194	(1,653,247)	41,267	–
Net interest income	2,281,696	1,249,513	558,597	41,267	4,131,073
Net fee and commission income	259,264	12,296	125,008	6,230	402,798
Net trading gains	–	–	1,842	–	1,842
Net gains arising from financial investments	–	–	736,037	–	736,037
Other operating (expenses)/income	(30,563)	(7,463)	(942)	104,179	65,211
Operating income	2,510,397	1,254,346	1,420,542	151,676	5,336,961
Operating expenses	(530,745)	(531,905)	(440,373)	(267)	(1,503,290)
Impairment losses on assets	(1,260,350)	(142,907)	(415,882)	(6,066)	(1,825,205)
Share of profits of associates	–	–	–	2,375	2,375
Profit before taxation	719,302	579,534	564,287	147,718	2,010,841
Segment assets	118,499,038	66,712,607	217,773,560	1,107,387	404,092,592
Segment liabilities	(207,434,880)	(58,733,093)	(106,453,612)	(1,028,646)	(373,650,231)
Other segment information					
– Credit commitments	24,295,294	5,179,739	–	–	29,475,033
– Depreciation and amortization	115,988	50,741	5,891	365	172,985
– Capital expenditure	75,047	32,831	3,811	236	111,925



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.

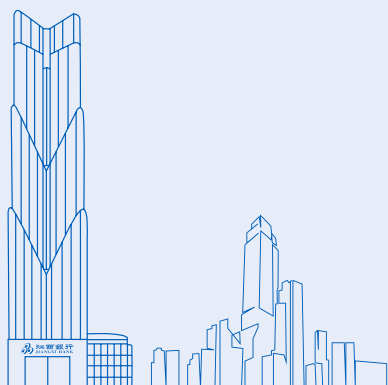
The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimize potential adverse effects.

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)

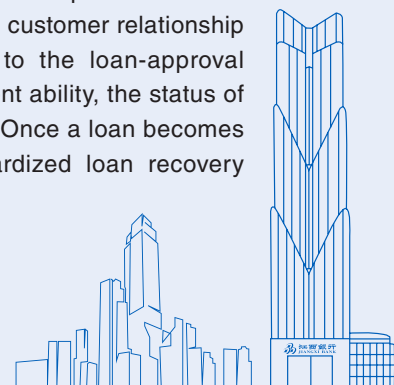
Credit business

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, 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)

(i) Significant increase in credit risk

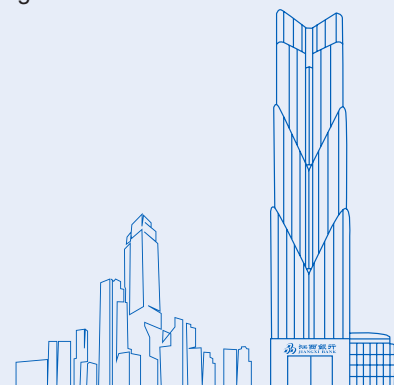
When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

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;
- 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 2019, 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.



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (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 make concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy;
- 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)

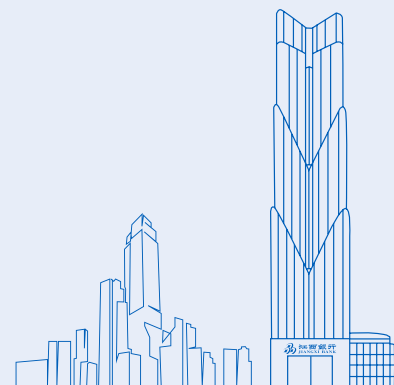
(iii) Notes to the parameters, assumptions and valuation techniques

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.



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

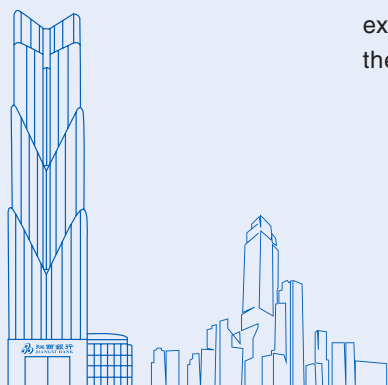
(a) Credit risk (Continued)

(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.



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42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

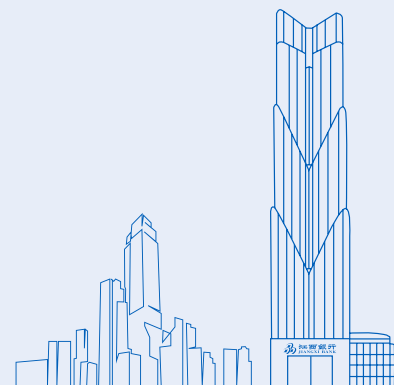
(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

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 has been no significant changes in the valuation techniques and key assumptions during the reporting period.

(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 2019			
	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	36,015	–	–	–
– Neither overdue nor credit-impaired	182,661,223	2,767,629	12,894,124	144,650,939
Sub-total	182,697,238	2,767,629	12,894,124	144,650,939
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	5,135,544	–	–	888,000
– Neither overdue nor credit-impaired	9,031,337	–	–	4,014,050
Sub-total	14,166,881	–	–	4,902,050
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	4,054,322	–	–	3,395,493
– Credit-impaired but not overdue	129,148	–	–	4,199,767
Sub-total	4,183,470	–	–	7,595,260
Less: Allowances for impairment losses	(6,321,564)	(807)	(1)	(4,418,645)
Total	194,726,025	2,766,822	12,894,123	152,729,604



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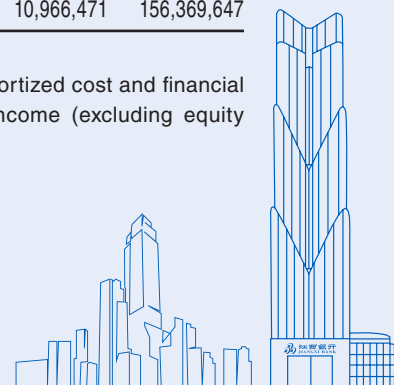
42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

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

	31 December 2018			
	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	254,413	–	–	–
– Neither overdue nor credit-impaired	117,061,703	7,230,737	10,966,475	150,427,755
Sub-total	117,316,116	7,230,737	10,966,475	150,427,755
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	2,816,992	–	–	1,950,742
– Neither overdue nor credit-impaired	47,528,029	–	–	2,853,286
Sub-total	50,345,021	–	–	4,804,028
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,195,185	–	–	3,640,240
– Credit-impaired but not overdue	225,515	–	–	1,444,474
Sub-total	3,420,700	–	–	5,084,714
Less: Allowances for impairment losses	(5,558,514)	(872)	(4)	(3,946,850)
Total	165,523,323	7,229,865	10,966,471	156,369,647

(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 2019 amounted to RMB1,709.61 million (31 December 2018: RMB1,379.87 million).

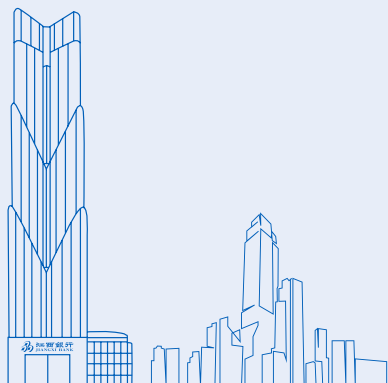
The fair value of collaterals held against loans and advances credit-impaired at 30 June 2019 amounted to RMB1,222.02 million (31 December 2018: RMB1,120.45 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated 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 2019	31 December 2018
Rescheduled loans and advances to customers	212,710	85,887
Credit-impaired loans and advances to customers included in above	212,710	85,887



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

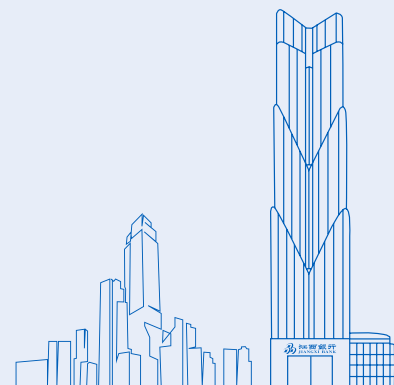
(a) Credit risk (Continued)

(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 at the end of the reporting period are as follows:

	30 June 2019	31 December 2018
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	39,167,005	39,244,739
– AA- to AA+	1,972,653	3,383,150
Sub-total	41,139,658	42,627,889
<i>Unrated</i>	145,709	12,515
Total	41,285,367	42,640,404

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB39.08 billion as at 30 June 2019 (31 December 2018: RMB38.31 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.

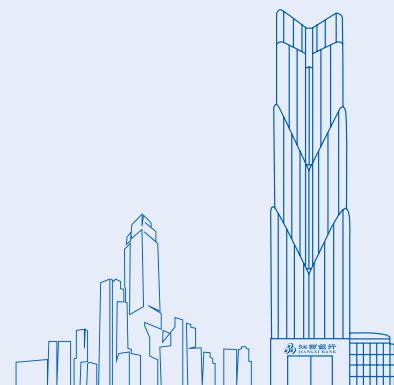
Repricing risk

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)

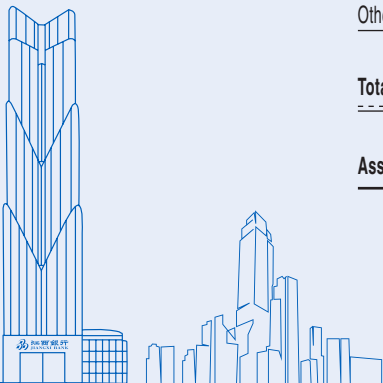
42 RISK MANAGEMENT (Continued)

(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 2019					
	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	38,205,411	5,286,012	32,919,399	-	-	-
Deposits with banks and other financial institutions	1,656,558	342,034	1,314,524	-	-	-
Placements with banks and other financial institutions	1,110,264	10,430	1,099,834	-	-	-
Financial assets held under resale agreements	12,894,123	3,093	12,891,030	-	-	-
Loans and advances to customers (Note (a))	194,726,025	725,253	62,797,161	122,351,253	8,811,851	40,507
Financial Investments (Note (b))	189,943,606	1,486,138	27,515,370	27,082,790	106,663,325	27,195,983
Others	8,191,732	6,947,073	7	6,878	63,004	1,174,770
Total assets	446,727,719	14,800,033	138,537,325	149,440,921	115,538,180	28,411,260
Liabilities						
Borrowing from the central bank	6,661,029	19,902	5,534,996	1,106,131	-	-
Deposits from banks and other financial institutions	31,571,587	403,026	8,636,320	21,982,241	550,000	-
Placements from banks and other financial institutions	2,225,812	5,812	700,000	1,350,000	170,000	-
Borrowing from other financial institutions	12,730,905	129,905	3,260,000	9,341,000	-	-
Financial assets sold under repurchase agreements	14,067,360	1,789	14,065,571	-	-	-
Deposits from customers	280,327,664	7,021,608	156,913,548	68,123,417	48,268,287	804
Debt securities issued	58,889,574	381,678	21,499,974	28,014,910	2,997,763	5,995,249
Others	5,681,032	3,659,056	178,023	447,720	666,818	729,415
Total liabilities	412,154,963	11,622,776	210,788,432	130,365,419	52,652,868	6,725,468
Asset-liability gap	34,572,756	3,177,257	(72,251,107)	19,075,502	62,885,312	21,685,792



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

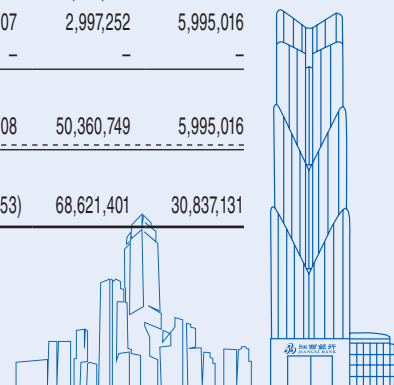
42 RISK MANAGEMENT (Continued)

(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 2018					
	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	37,740,620	3,622,162	34,118,458	-	-	-
Deposits with banks and other financial institutions	3,204,920	196,545	2,808,433	199,942	-	-
Placements with banks and other financial institutions	4,024,945	12,633	3,812,361	199,951	-	-
Financial assets held under resale agreements	10,966,471	3,805	10,962,666	-	-	-
Loans and advances to customers (Note (a))	165,523,323	581,136	98,597,173	48,450,790	17,739,659	154,565
Financial Investments (Note (b))	190,704,000	1,537,692	26,788,563	24,457,672	101,242,491	36,677,582
Others	6,899,995	6,899,995	-	-	-	-
Total assets	419,064,274	12,853,968	177,087,654	73,308,355	118,982,150	36,832,147
Liabilities						
Borrowing from the central bank	1,590,065	840	112,058	1,477,167	-	-
Deposits from banks and other financial institutions	31,863,890	340,685	15,982,384	15,540,821	-	-
Placements from banks and other financial institutions	6,149,980	79,980	4,700,000	1,200,000	170,000	-
Borrowing from other financial institutions	10,944,698	171,132	6,398,576	4,374,990	-	-
Financial assets sold under repurchase agreements	10,186,847	4,075	10,182,772	-	-	-
Deposits from customers	260,448,653	5,538,334	164,885,399	42,831,423	47,193,497	-
Debt securities issued	61,129,810	246,517	16,994,518	34,896,507	2,997,252	5,995,016
Others	3,938,997	3,938,997	-	-	-	-
Total liabilities	386,252,940	10,320,560	219,255,707	100,320,908	50,360,749	5,995,016
Asset-liability gap	32,811,334	2,533,408	(42,168,053)	(27,012,553)	68,621,401	30,837,131



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)

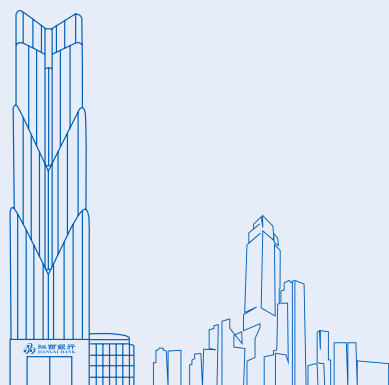
(a) As at 30 June 2019, for loans and advances to customers, the category “Less than three months” includes overdue amounts (net of allowances for impairment losses) of RMB1,528.57 million (31 December 2018: RMB1,761.35 million).

(b) Financial investments include financial investments at amortized cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income.

(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 2019 (decrease)/ increase	31 December 2018 (decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(467,046)	(433,894)
Down 100 bps parallel shift in yield curves	414,924	349,383



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)

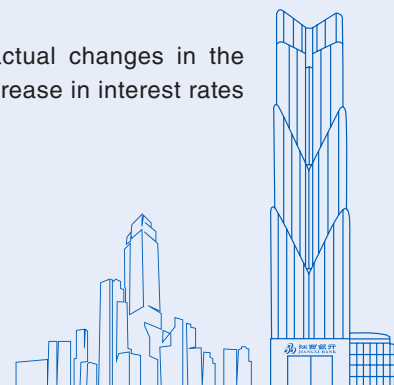
(ii) Interest rate sensitivity analysis (Continued)

	30 June 2019	31 December 2018
	(decrease)/ increase	(decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(751,494)	(966,880)
Down 100 bps parallel shift in yield curves	715,235	916,370

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 the reporting period apply to financial instruments of the Group;
- At the end 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)

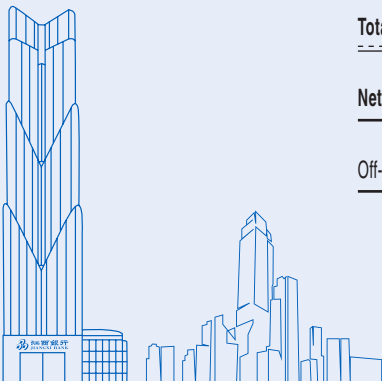
Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with and from banks and other financial institutions 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 2019				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	38,154,328	24,973	25,758	352	38,205,411
Deposits with banks and other financial institutions	1,156,844	349,447	98,772	51,495	1,656,558
Placements with banks and other financial institutions	897,505	212,759	-	-	1,110,264
Financial assets held under resale agreements	12,894,123	-	-	-	12,894,123
Loans and advances to customers	193,798,068	927,957	-	-	194,726,025
Financial investments (Note (a))	189,943,606	-	-	-	189,943,606
Other assets	8,187,278	4,454	-	-	8,191,732
Total assets	445,031,752	1,519,590	124,530	51,847	446,727,719
Liabilities					
Borrowing from the central bank	6,661,029	-	-	-	6,661,029
Deposits from banks and other financial institutions	31,364,743	206,586	88	170	31,571,587
Placements from banks and other financial institutions	2,225,812	-	-	-	2,225,812
Borrowing from other financial institutions	12,730,905	-	-	-	12,730,905
Financial assets sold under repurchase agreements	14,067,360	-	-	-	14,067,360
Deposits from customers	280,031,837	229,184	65,929	714	280,327,664
Debt securities issued	58,889,574	-	-	-	58,889,574
Other liabilities	5,658,798	6,714	15,516	4	5,681,032
Total liabilities	411,630,058	442,484	81,533	888	412,154,963
Net position	33,401,694	1,077,106	42,997	50,959	34,572,756
Off-balance sheet credit commitments	32,244,487	1,188,980	-	2,825	33,436,292



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

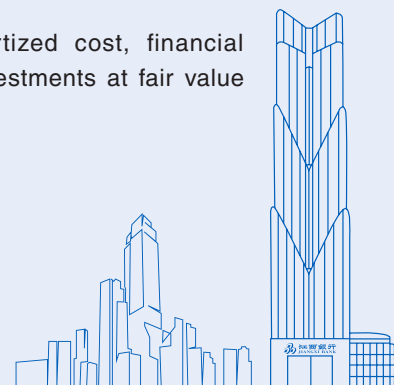
(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

	31 December 2018				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	37,714,668	24,242	1,093	617	37,740,620
Deposits with banks and other financial institutions	2,414,643	709,941	70,191	10,145	3,204,920
Placements with banks and other financial institutions	3,812,186	212,759	-	-	4,024,945
Financial assets held under resale agreements	10,966,471	-	-	-	10,966,471
Loans and advances to customers	164,688,308	835,015	-	-	165,523,323
Financial investments (Note (a))	190,704,000	-	-	-	190,704,000
Other assets	6,894,253	5,742	-	-	6,899,995
Total assets	417,194,529	1,787,699	71,284	10,762	419,064,274
Liabilities					
Borrowing from the central bank	1,590,065	-	-	-	1,590,065
Deposits from banks and other financial institutions	31,626,782	236,850	88	170	31,863,890
Placements from banks and other financial institutions	6,149,980	-	-	-	6,149,980
Borrowing from other financial institutions	10,944,698	-	-	-	10,944,698
Financial assets sold under repurchase agreements	10,186,847	-	-	-	10,186,847
Deposits from customers	259,955,611	489,166	3,091	785	260,448,653
Debt securities issued	61,129,810	-	-	-	61,129,810
Other liabilities	3,921,243	2,285	15,469	-	3,938,997
Total liabilities	385,505,036	728,301	18,648	955	386,252,940
Net position	31,689,493	1,059,398	52,636	9,807	32,811,334
Off-balance sheet credit commitments	28,550,418	1,580,956	-	3,561	30,134,935

- (a) Financial investments include financial investments at amortized cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income.



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

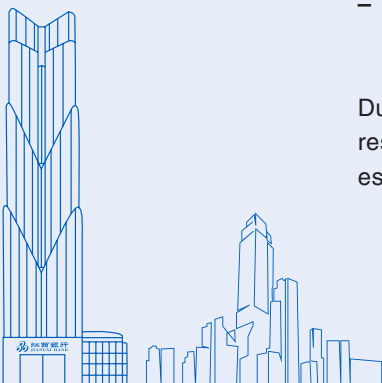
(b) Exchange rate sensitivity analysis

	30 June 2019 Change in foreign currency exchange rate (in basis points)		31 December 2018 Change in foreign currency exchange rate (in basis points)	
	(100)	100	(100)	100
(Decrease)/increase in annualized net profit	(7,128)	7,128	(8,431)	8,431

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 and equity would have been affected;
- Other variables (including interest rates) remain unchanged; and
- 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 and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.



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(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.

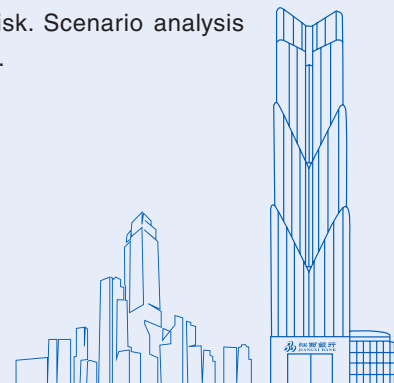
The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- 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

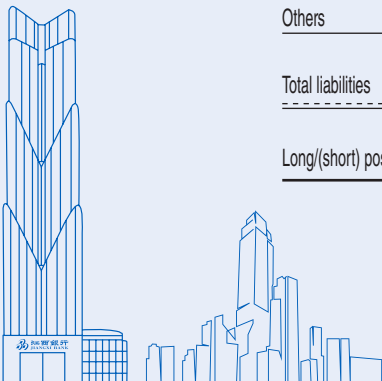
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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:

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	30 June 2019				Total
				Between one month and 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	31,510,460	6,694,951	-	-	-	-	-	38,205,411
Deposits with banks and other financial institutions	-	1,455,449	-	201,109	-	-	-	1,656,558
Placements with banks and other financial institutions	-	-	504,629	605,635	-	-	-	1,110,264
Financial assets held under resale agreements	-	-	12,894,123	-	-	-	-	12,894,123
Loans and advances to customers	2,094,455	4,681,232	2,968,207	8,176,570	66,108,556	53,247,864	57,449,141	194,726,025
Financial investments	1,810,180	19,524,431	1,269,661	5,485,604	27,949,866	106,707,881	27,195,983	189,943,606
Others	6,196,329	358,440	130,397	6,211	110,425	207,621	1,182,309	8,191,732
Total assets	41,611,424	32,714,503	17,767,017	14,475,129	94,168,847	160,163,366	85,827,433	446,727,719
Liabilities								
Borrowing from the central bank	-	-	-	34,996	6,626,033	-	-	6,661,029
Deposits from banks and other financial institutions	-	1,170,584	1,896,516	5,687,996	22,259,752	556,739	-	31,571,587
Placements from banks and other financial institutions	-	-	501,308	200,524	1,353,535	170,445	-	2,225,812
Borrowing from other financial institutions	-	-	1,248,593	2,094,307	9,388,005	-	-	12,730,905
Financial assets sold under repurchase agreements	-	-	14,067,360	-	-	-	-	14,067,360
Deposits from customers	-	135,477,290	10,678,015	15,437,832	69,194,761	49,538,962	804	280,327,664
Debt securities issued	-	-	7,470,340	14,188,853	28,014,910	3,097,756	6,117,715	58,889,574
Others	556,241	746,068	753,953	903,986	550,279	1,404,290	766,215	5,681,032
Total liabilities	556,241	137,393,942	36,616,085	38,548,494	137,387,275	54,768,192	6,884,734	412,154,963
Long/(short) position	41,055,183	(104,679,439)	(18,849,068)	(24,073,365)	(43,218,428)	105,395,174	78,942,699	34,572,756



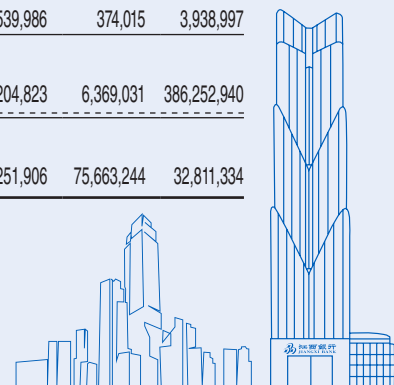
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2018				Total
				Between one month and 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	30,375,203	7,365,417	-	-	-	-	-	37,740,620
Deposit with banks and other financial institutions	-	986,863	1,499,853	518,262	199,942	-	-	3,204,920
Placements with banks and other financial institutions	-	-	3,608,718	212,725	203,502	-	-	4,024,945
Financial assets held under resale agreements	-	-	10,966,471	-	-	-	-	10,966,471
Loans and advances to customers	1,308,533	4,093,486	5,279,482	9,993,396	54,155,086	45,450,574	45,242,766	165,523,323
Financial investments	3,114,485	19,311,634	2,401,869	4,331,444	24,119,131	100,747,859	36,677,578	190,704,000
Others	6,146,253	224,143	101,291	1,879	56,202	258,296	111,931	6,899,995
Total assets	40,944,474	31,981,543	23,857,684	15,057,706	78,733,863	146,456,729	82,032,275	419,064,274
Liabilities								
Borrowing from the central bank	-	-	11,870	100,187	1,478,008	-	-	1,590,065
Deposits from banks and other financial institutions	-	5,796,797	2,519,864	5,450,104	18,097,125	-	-	31,863,890
Placements from banks and other financial institutions	-	-	2,352,536	2,346,718	1,280,726	170,000	-	6,149,980
Borrowing from other financial institutions	-	-	594,771	2,279,648	8,070,279	-	-	10,944,698
Financial assets sold under repurchase agreements	-	-	10,186,847	-	-	-	-	10,186,847
Deposits from customers	-	141,816,179	11,990,472	14,248,386	43,896,031	48,497,585	-	260,448,653
Debt securities issued	-	-	6,578,922	10,415,596	35,143,024	2,997,252	5,995,016	61,129,810
Others	461,350	137,354	626,535	1,309,156	490,601	539,986	374,015	3,938,997
Total liabilities	461,350	147,750,330	34,861,817	36,149,795	108,455,794	52,204,823	6,369,031	386,252,940
Long/(short) position	40,483,124	(115,768,787)	(11,004,133)	(21,092,089)	(29,721,931)	94,251,906	75,663,244	32,811,334



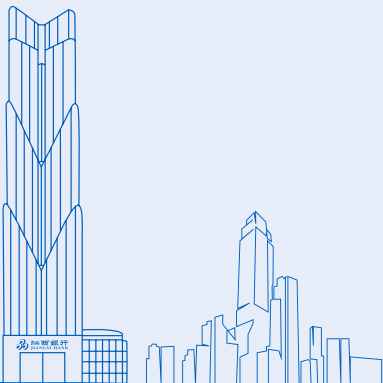
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(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 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

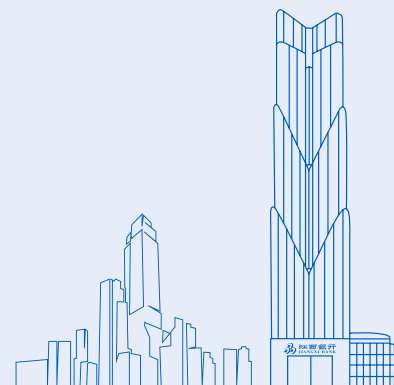
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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

	30 June, 2019								
	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 liabilities									
Borrowing from the central bank	6,661,029	6,791,003	-	-	-	42,178	6,748,825	-	-
Deposits from banks and other financial institutions	31,571,587	32,117,575	-	1,170,584	1,898,913	5,725,775	22,653,017	669,286	-
Placements from banks and other financial institutions	2,225,812	2,346,902	-	-	503,748	213,263	1,390,479	239,412	-
Borrowing from other financial institutions	12,730,905	12,949,263	-	-	1,257,659	2,111,097	9,580,507	-	-
Financial assets sold under repurchase agreements	14,067,360	14,067,487	-	-	14,067,487	-	-	-	-
Deposits from customers	280,327,664	283,677,725	-	135,477,290	10,878,583	15,801,388	70,281,527	51,238,062	875
Debt securities issued	58,889,574	62,367,800	-	-	7,654,200	14,518,200	28,730,000	4,415,400	7,050,000
Other financial liabilities	3,588,929	4,056,040	258,114	723,031	676,395	33,190	134,091	1,243,553	987,666
Total financial liabilities	410,062,860	418,373,795	258,114	137,370,905	36,936,985	38,445,091	139,518,446	57,805,713	8,038,541
Credit commitments	33,436,292	33,436,292	-	7,832,112	3,232,426	5,178,623	14,972,436	2,220,695	-



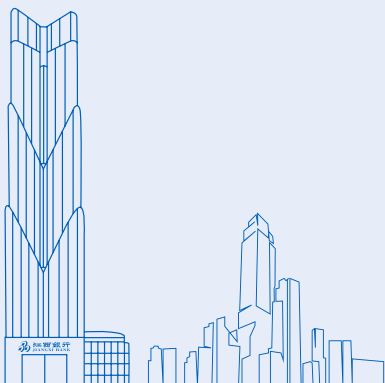
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	31 December, 2018								
	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 liabilities									
Borrowing from the central bank	1,590,065	1,611,624	-	-	11,885	107,461	1,492,278	-	-
Deposits from banks and other financial institutions	31,863,890	32,323,881	-	5,796,797	2,524,524	5,564,327	18,438,233	-	-
Placements from banks and other financial institutions	6,149,980	6,206,187	-	2	2,352,875	2,362,115	1,313,120	178,075	-
Borrowing from other financial institutions	10,944,698	11,212,411	-	-	613,629	2,329,933	8,268,849	-	-
Financial assets sold under repurchase agreements	10,186,847	10,188,418	-	-	10,188,418	-	-	-	-
Deposits from customers	260,448,653	263,461,061	-	141,816,179	12,151,576	14,532,837	44,801,673	50,158,796	-
Debt securities issued	61,129,810	64,830,450	-	-	6,590,000	10,490,000	36,135,050	4,415,400	7,200,000
Other financial liabilities	1,689,632	1,689,632	264,548	198,992	506,628	9,418	114,236	332,574	263,236
Total financial liabilities	384,003,575	391,523,664	264,548	147,811,970	34,939,535	35,396,091	110,563,439	55,084,845	7,463,236
Credit commitments	30,134,935	30,134,935	-	7,008,262	2,124,349	5,578,122	14,099,973	1,324,229	-



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:

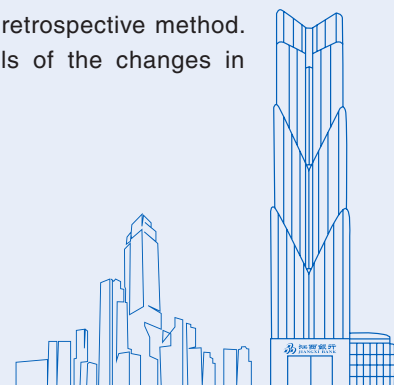
- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency 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

Except for the event as disclosed in Note 33, the Group has no material events for disclosure subsequent to the end of the reporting period.

44 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3.



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 2019	Average for the six months ended 30 June 2019
Liquidity coverage ratio (RMB and foreign currency)	179.59%	182.79%

	31 December 2018	Average for the year ended 31 December 2018
Liquidity coverage ratio (RMB and foreign currency)	206.46%	209.50%

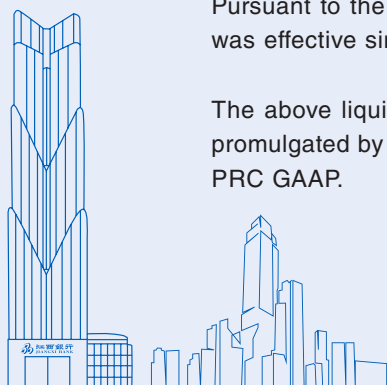
Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018.

Leverage Ratio

	30 June 2019	31 December 2018
Leverage Ratio	7.31%	7.35%

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

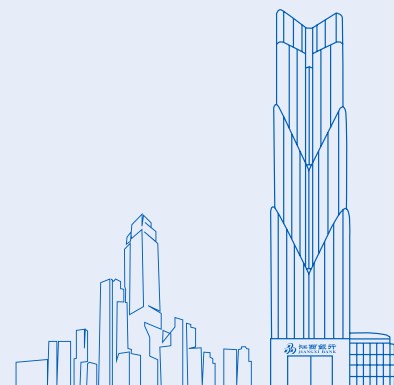
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 CURRENCY CONCENTRATIONS

	30 June 2019			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,542,122	124,569	51,867	1,718,558
Spot liabilities	(465,016)	(81,572)	(908)	(547,496)
Net position	1,077,106	42,997	50,959	1,171,062

	31 December 2018			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,805,693	71,284	10,762	1,887,739
Spot liabilities	(746,295)	(18,648)	(955)	(765,898)
Net position	1,059,398	52,636	9,807	1,121,841

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

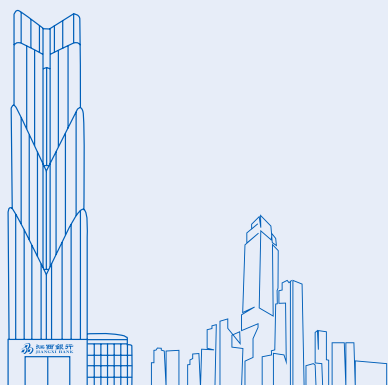
The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

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 2019				
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–

31 December 2018				
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–

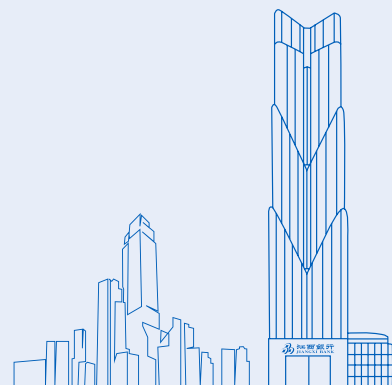


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	30 June 2019	31 December 2018
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between 3 and 6 months (inclusive)	730,722	439,889
– Between 6 months and 1 year (inclusive)	1,277,717	1,022,352
– Over 1 year	1,862,596	1,425,677
Total	3,871,035	2,887,918
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.36%	0.26%
– Between 6 months and 1 year (inclusive)	0.64%	0.60%
– Over 1 year	0.93%	0.84%
Total	1.93%	1.70%



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\$” or “HKD” or “Hong Kong Dollars”	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 Date”	the date on which H Shares are listed and traded on the Main Board of the Hong Kong Stock Exchange, which is June 26, 2018
“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, 2019 to June 30, 2019
“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

