

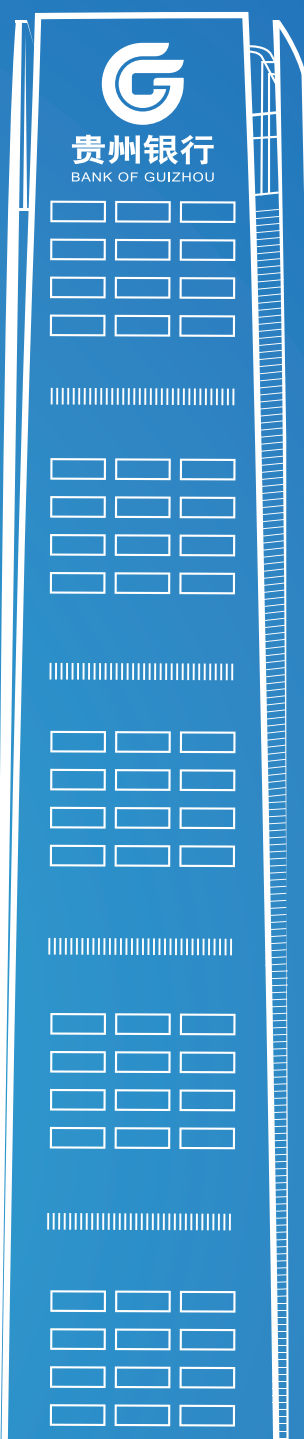


(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6199

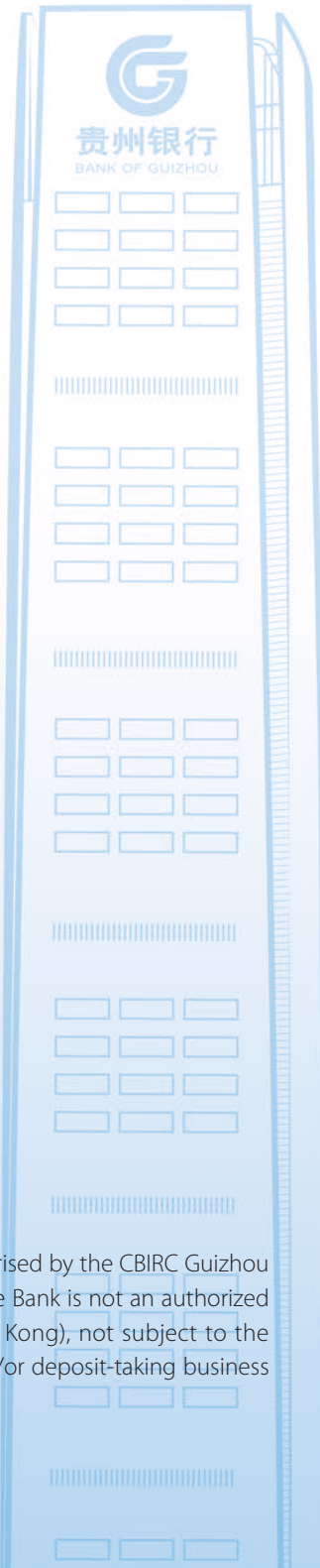
2020

INTERIM REPORT



Contents

Definitions	2
1. Company Profile	4
2. Summary of Accounting Data and Financial Indicators	6
3. Management Discussion and Analysis	8
4. Changes in Share Capital and Information on Shareholders	48
5. Directors, Supervisors, Senior Management, Employees and Organizations	62
6. Corporate Governance Report	69
7. Major Events	71
8. Independent Auditor's Review Report	77
9. Financial Statements and Notes to the Unaudited Interim Financial Report	78
10. Unaudited Supplementary Financial Information	174
11. Appendix: List of Branches and Sub-branches	178



The Bank holds a financial license No. B1383H252010001 approved by the CBIRC and was authorised by the CBIRC Guizhou Office to obtain the business license with a unified social credit code 915200000550280000. 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 and/or deposit-taking business in Hong Kong.

DEFINITIONS

The following terms shall have the following meanings in this report unless the context requires otherwise.

"Articles of Association" or "Articles"	the articles of association of the Bank, the version of which was passed by our shareholders at the shareholders' meeting on 20 May 2020, which is subject to the approval of the CBIRC Guizhou Office
"Board"	the board of Directors of the Bank
"Board of Supervisors"	the board of Supervisors of the Bank
"Banking Ordinance"	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Bank", "We", "Our", "us" or "Bank of Guizhou"	Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司), a joint stock company incorporated on 28 September 2012 in Guizhou Province, China, with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, branches and sub-branches
"CBIRC" or "CBRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)/China Banking Regulatory Commission (中國銀行業監督管理委員會) (before 17 March 2018)
"commercial banks"	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
"CBIRC Guizhou Office"	China Banking and Insurance Regulatory Commission Guizhou Office (中國銀行保險監督管理委員會貴州監管局)
"Domestic Shares"	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full for in Renminbi
"Director(s)"	the director(s) of the Bank
"H Shares"	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange



"HK\$" or "HKD" or "Hong Kong dollars"	the lawful currency of Hong Kong
"Hong Kong" or "HK"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"PRC" or "China"	the People's Republic of China, but for the purpose of this report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Reporting Period"	for the six months ended 30 June 2020
"PBOC" or "Central Bank"	the People's Bank of China (中國人民銀行)
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Supervisor(s)"	the supervisor(s) of the Bank



COMPANY PROFILE

1. BASIC INFORMATION

Legal Chinese Name:

貴州銀行股份有限公司

English Name:

BANK OF GUIZHOU CO., LTD.

Legal Representative:

Mr. Li Zhiming

Authorised Representatives for the Hong Kong Stock Exchange:

Mr. Li Zhiming, Mr. Zhou Guichang

Board Secretary:

Mr. Zhou Guichang

Joint Company Secretaries:

Mr. Zhou Guichang, Mr. Lei Kin Keong

Registered Address:

No.41, Middle Ruijin Road, Yunyan District,
Guiyang, Guizhou Province, PRC

Head Office in the PRC:

No.149, South Zhonghua Road
Nanming District, Guiyang
Guizhou Province, PRC

Principal Place of Business in Hong Kong:

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No. 248, Queen's Road East, Wanchai, Hong Kong

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The Board Office of the Bank (26th Floor, Zhongdu Building, No. 149 South Zhonghua Road, Nanming District, Guiyang, Guizhou Province, PRC)

Place of Listing, Stock Name and Stock Code:

The Stock Exchange of Hong Kong Limited, BANK OF GUIZHOU, 6199.HK

Corporate Uniform Social Credit Code:

915200000550280000

Financial License Institution Number:

B1383H252010001

Compliance Advisor:

Guotai Junan Capital Limited

Auditors:

Overseas Auditor: KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Domestic Auditor: KPMG Huazhen LLP

Hong Kong H Share Registrar and Transfer Office:

Computershare Hong Kong Investor Services Limited

2. COMPANY PROFILE

Founded on 11 October 2012, and headquartered in Guiyang City, Guizhou Province, Bank of Guizhou is a provincial legal person financial institution established through the merger and reorganization of Zunyi City Commercial Bank, Anshun City Commercial Bank and Liupanshui City Commercial Bank. The Bank has been listed on the main board of The Hong Kong Stock Exchange on 30 December 2019 with its stock code of 6199.HK. It is the first financial institution in Guizhou Province to enter the international capital market.

The Bank's business scope is: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic accounts; arranging entrusted deposits and entrusted loans; handling acceptance and discount of instruments; issuing, cashing and undertaking the sale of government bonds as agents; buying and selling government bonds and financial bonds; undertaking inter-bank borrowing or lending; trading foreign exchanges and providing agency services for foreign exchange trading; engaging in the bank card business; providing letters of credit services and guarantee; handling receipts and payments; providing safe boxes services; concurrent-business insurance agency; fund sales business; other business approved by the banking regulatory authority and relevant department.

At the end of the Reporting Period, the Bank had total assets of RMB424,268 million, total deposits from customers of RMB279,320 million and net loans and advances to customers of RMB189,993 million, recorded profit before tax of RMB2,304 million, net profit of RMB1,929 million, non-performing loan ratio of 1.16% and provision coverage rate of 332.68%. As at the end of the Reporting Period, there were 223 licensed institutions of the Bank, including 1 head office, 8 branches, 208 traditional sub-branches, 5 community sub-branches and 1 branch banking operation department, with 4,855 regular employees. All branches of the Bank are located within Guizhou Province, realizing the full coverage of city (prefecture) and county (district) institutions in Guizhou Province.

The Bank aims at "building a domestic first-class modern city commercial bank", with a bright vision of "contribution excellence, happiness sharing", and strongly supports the economic and social development of Guizhou. The Bank has established business areas covering corporate banking, retail banking, small and micro financial services, financial market operations, and asset management with branches in 88 counties in Guizhou Province. Electronic banking, mobile banking, WeChat banking, online banking, telephone banking and other service channels have been continuously improved, and the customer base has been continuously expanded. The Bank insists on steady and prudent operations, and has established a comprehensive risk management system that matches business development. The asset quality level continues to lead the industry. The Bank continued to optimize its internal management, various systems and mechanisms were continuously improved, the building of the talent team was continuously strengthened, and the Bank has operated efficiently and orderly. The Bank ranked 270th in the world and 45th in China in the list of "2020 Top 1000 Global Banks" released by the British Magazine "the Banker"; the Bank ranked 47th in the "2019 China Top 100 Banks List" released by the China Banking Association.



SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Item	For the six months ended 30 June		
	2020	2019	Year-on-Year
<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Operation results			Change (%)
Net interest income	4,879.61	4,637.48	5.22
Net fee and commission income	209.39	61.27	241.75
Operating income	5,580.53	5,045.22	10.61
Operating expenses	(1,697.75)	(1,578.81)	7.53
Impairment losses on assets	(1,563.67)	(1,439.65)	8.61
Profit before tax	2,304.10	2,022.60	13.92
Net profit	1,928.97	1,789.74	7.78
Per share (RMB)			Change (%)
Net assets per share	2.37	2.32	2.14
Basic earnings per share	0.13	0.14	-7.14
Profitability indicators (%)			Change
Return on average total assets ⁽¹⁾	0.93%	0.98%	-0.05%
Return on average equity ⁽²⁾	11.26%	13.56%	-2.30%
Net interest spread ⁽³⁾	2.43%	2.61%	-0.18%
Net interest margin ⁽⁴⁾	2.56%	2.74%	-0.18%
Cost-to-income ratio ⁽⁵⁾	28.87%	29.84%	-0.97%



Item	As of 30 June 2020	As of 31 December 2019	First half of 2020 compared to the end of 2019
<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Scale indicators			Change (%)
Total assets	424,267.91	409,388.80	3.63
Including: Gross loans and advances to customers	197,214.59	179,867.72	9.64
Net loans and advances to customers ⁽⁶⁾	189,992.66	173,349.70	9.60
Total liabilities	389,653.43	375,499.56	3.77
Including: Deposits from customers ⁽⁷⁾	279,319.99	260,266.47	7.32
Share capital	14,588.05	14,588.05	–
Total equity	34,614.48	33,889.24	2.14
Asset Quality Indicators (%)			Change (%)
Non-performing loan ratio ⁽⁸⁾	1.16%	1.18%	-0.02
Allowance coverage ratio ⁽⁹⁾	332.68%	324.95%	7.73
Allowance to gross loans ⁽¹⁰⁾	3.87%	3.85%	0.02
Capital adequacy ratio indicators (%) ⁽¹¹⁾			Change (%)
Core tier-one capital adequacy ratio	11.66%	12.30%	-0.64
Tier-one capital adequacy ratio	11.66%	12.30%	-0.64
Capital adequacy ratio	13.74%	14.45%	-0.71
Total equity to total assets	8.16%	8.28%	-0.12
Other Indicators (%)			Change (%)
Liquidity coverage ratio	222.98%	320.18%	-97.20
Liquidity ratio	86.12%	96.29%	-10.17
Loan-to-deposit ratio	70.61%	69.60%	1.01

Notes:

- (1) The percentage of net profit for the Reporting Period to the average balance of the total assets at the beginning and the end of the period.
- (2) The percentage of net profit for the Reporting Period to the average balance of total equity at the beginning and the end of the period.
- (3) Calculated by the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, on a basis of the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, on a basis of the daily average of the interest-bearing assets.
- (5) Calculated by dividing operating cost after tax and surcharges by operating revenue.
- (6) Net loans and advances to customers = total loans and advances to customers + accrued interest on loans and advances to customers-provision for impairment of loans and advances to customers.
- (7) Deposits from customers = principal of deposits from customers + interest payable on deposits from customers.
- (8) Calculated by dividing total NPLs by total loans and advances to customers.
- (9) Calculated by dividing provision for impairment loss on loan by total NPLs.
- (10) Calculated by dividing provision for impairment loss on loan by total loans and advances to customers.
- (11) Core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by the CBIRC (effective from 1 January 2013).



MANAGEMENT DISCUSSION AND ANALYSIS

3.1 ANALYSIS OF OVERALL OPERATION PERFORMANCE

During 2020, taking “building a domestic first-class modern city commercial bank” as the target, the Bank accelerated its business transformation and development and as a result, each of our business line has achieved stable growth, the assets maintained high quality, the outcomes of the transformation continued to show and the market image was further improved.

1. The Bank’s business achieved stable growth and assets maintained their high quality. As of the end of the Reporting Period, the Bank had total assets of RMB424,268 million, representing an increase of 3.63% as compared to the beginning of the year, deposits from customers of RMB279,320 million, representing an increase of 7.32% as compared to the beginning of the year, total loans and advances to customers of RMB197,215 million, representing an increase of 9.64% as compared to last year. During the Reporting Period, the Bank recorded an operating income of RMB5.581 billion and a net profit of RMB1.929 billion with an average return on assets (ROA) of 0.93% and an average return on equity (ROE) of 11.26%. The Bank continued to adopt a prudent and cautious risk appetite and continued to enhance risk management in all aspects while maintaining stable business development. As at the end of the Reporting Period, the Bank’s non-performing loan ratio was 1.16%, representing a decrease of 0.02 percentage point as compared to the beginning of the year indicating that the asset quality continued to remain stable; the provision coverage rate was 332.68%, representing an increase of 7.73 percentage points as compared to the beginning of the year reflecting a continuous improvement of risk resistance capacity.
2. The Bank firmly implemented business transformation and the outcomes of the transformation continued to show. The Bank remained committed to its “original aspiration” and provided strong supports for the development of real economy. As at the end of the Reporting Period, the balance of loans for real economy was RMB91.113 billion, representing an increase of RMB10.629 billion or 13.21% as compared to the beginning of the year. The Bank devoted significant efforts to the development of personal business, strove to improve the coverage and reach of our financial services and continuously expanded our basic customer base. As at the end of the Reporting Period, the Bank’s valid personal accounts reached 2,265,700, representing an increase of 504,200 as compared to the beginning of the year. The Bank strove to expand its streams of profit and continuously promoted the optimization of revenue structure. During the Reporting Period, operating income and profit before taxation from the financial market business increased by 43.84% and 24.81% year on year, respectively.
3. The Bank devoted efforts to the development of financial technology and the drivers for growth were further enhanced. During the Reporting Period, the development of the Bank’s new generation of IT system achieved continuous progress, 95% of the development work has been completed and various tests and preparatory work for its application were being carried out orderly. The Bank established a variety of financial service scenarios including smart parking, community property management, hospital and school, and the customer acquisition capability based on scenarios improved notably; the Bank successfully launched a number of products including credit card installment and settlement loan and promoted anti-fraud and the continuous optimization of risk control model resulting in the continuous improvement of the Bank’s smart risk control capability. The Bank strove to enhance data management and continued to improve data quality. During the Reporting Period, the Bank launched a management and accounting system and internal statements and senior management cockpit were put into use, which have significantly improved the Bank’s digital management capability.



4. The Bank enhanced its internal management and the effectiveness of management kept improving. With the target of “centralized operation, intensive operation and smart management”, the Bank is committed to building a scientific and comprehensive business procedure system, a smart and effective background processing system, a smart and warm hall service system and a smart and sensitive operational control system to provide strong background service supports for the Bank’s high-quality transformation and development. During the Reporting Period, through optimization and adjustment of organizational structure, the Bank further enhanced its capabilities in respect of management of assets and liabilities and internal control and risk management and continuously improved the standards of legal and compliance operation. The Bank also promoted in-depth construction of “Safe Bank”. During the Reporting Period, as the only city commercial bank in the southwestern region in China and the only local legal person bank in the province, the Bank was admitted as a standing committee member entity of the Professional Safety and Security Committee of China Banking Association and ranked first in the sixth round security assessment of banking institutions of Guizhou Province.
5. The Bank performed its responsibilities by providing supports for the prevention and control of COVID-19 epidemic. Facing the outbreak of COVID-19 epidemic, the Bank actively performed its social responsibilities through organizing donation of RMB11,405,100 and building a team of volunteers to participate in the fight against the epidemic. The Bank developed “ten measures”, allocated special facilities of RMB20 billion and took the initiative to lower fees and charges to support the resumption of work and production and spring ploughing and preparation for ploughing. The Bank established a green channel for project approval and spared no effort in helping enterprises impacted by the epidemic to get through the difficult times. As at the end of the Reporting Period, the Bank has granted loans in an aggregate amount of RMB21.587 billion to support the prevention and control of the epidemic and resumption of work and production and the average loan interest rate was lowered by 1 to 2 percentage points as compared to the same period last year.
6. The market image improved and the brand recognition continued to improve. During the Reporting Period, China Cheng Xin International Credit Rating Co. Ltd. adjusted the Bank’s credit rating upward from AA+ to AAA and adjusted the ratings of the Bank’s outstanding financial bonds correspondingly. The Bank became the first legal person financial institution with double AAA credit ratings in Guizhou Province. In the list of Top 1000 World Banks 2020 issued by the British Magazine “the Banker”, the Bank ranked 270th and 45th among the domestic banks admitted in the list.



MANAGEMENT DISCUSSION AND ANALYSIS

3.2 ANALYSIS OF PROFIT STATEMENTS

During the Reporting Period, the Bank achieved a profit before tax of RMB2,304 million, representing an increase of 13.92% as compared with the previous year. It recorded a net profit of RMB1,929 million, representing an increase of 7.78% as compared with the previous year.

Item	For the six months ended 30 June			Rate of change (%)
	2020 (Expressed in millions of RMB, unless otherwise stated)	2019	Change	
Interest income	9,591.71	8,600.76	990.95	11.52
Interest expense	(4,712.10)	(3,963.28)	(748.82)	18.89
Net interest income	4,879.61	4,637.48	242.13	5.22
Fee and commission income	245.04	108.06	136.98	126.76
Fee and commission expense	(35.65)	(46.79)	11.14	(23.81)
Net fee and commission income	209.39	61.27	148.12	241.75
Net trading gains	48.18	125.81	(77.63)	(61.70)
Net gains on investment securities	397.07	208.18	188.89	90.73
Other operating income	46.28	12.48	33.80	270.83
Operating income	5,580.53	5,045.22	535.31	10.61
Operating expenses	(1,697.75)	(1,578.81)	(118.94)	7.53
Impairment losses on assets	(1,563.67)	(1,439.65)	(124.02)	8.61
Share of losses of associates	(15.01)	(4.16)	(10.85)	260.82
Profit before tax	2,304.10	2,022.60	281.50	13.92
Less: Income tax expenses	(375.13)	(232.86)	(142.27)	61.10
Net profit	1,928.97	1,789.74	139.23	7.78

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

During the Reporting Period, the Bank's net interest income amounted to RMB4,880 million, representing a year-on-year increase of 5.22% and accounting for 87.44% of the operating income.

The following tables set forth, for the periods indicated, the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities.

Item	2020			2019		
	Average balance	Interest income/expense	Average yield/cost (%) ⁽¹⁾	Average balance	Interest income/expense	Average yield/cost (%) ⁽¹⁾
<i>(Expressed in millions of RMB, unless otherwise stated)</i>						
Assets						
Total loans and advances to customers	193,323.11	5,708.82	5.91	155,917.24	4,714.57	6.05
Financial investments ⁽²⁾	137,552.17	3,491.34	5.08	137,366.51	3,446.42	5.02
Deposits with the central bank	23,690.61	179.78	1.52	26,978.45	206.80	1.53
Deposits with banks and other financial institutions	5,458.38	36.08	1.32	3,605.82	62.95	3.49
Financial assets held under resale agreements	21,408.08	175.69	1.64	14,519.99	170.02	2.34
Total interest-earning assets	381,432.35	9,591.71	5.03	338,388.01	8,600.76	5.08
Liabilities						
Deposits from customers	261,612.43	3,037.26	2.32	216,081.30	1,947.50	1.80
Deposits from banks and other financial institutions	15,788.93	292.19	3.70	6,876.76	126.34	3.67
Borrowings from the central bank	5,871.32	85.54	2.91	2,731.59	39.07	2.86
Placements from banks and other financial institutions	1,839.56	33.85	3.68	34.81	0.87	5.00
Financial assets sold under repurchase agreements	4,588.60	32.37	1.41	6,238.52	74.70	2.39
Debt securities issued	73,372.09	1,230.89	3.36	89,021.69	1,774.80	3.99
Total interest-bearing liabilities	363,072.93	4,712.10	2.60	320,984.67	3,963.28	2.47
Net interest income		4,879.61			4,637.48	
Net interest spread ⁽³⁾		2.43%			2.61%	
Net interest margin ⁽⁴⁾		2.56%			2.74%	

Notes:

- (1) Calculated by dividing annualized interest income or expense by average balance.
- (2) Financial investments include financial investments at amortised cost and financial investments at fair value through other comprehensive income.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of total interest-earning assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out, for the periods indicated, the changes in the Bank's interest income and interest expense attributable to changes in volume and interest rate. Changes in volume are measured by the change in average balance of interest-earning assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-earning assets and interest-bearing liabilities. Changes caused by both volume and interest rate have been allocated to changes in interest rate.

	For the six months ended 30 June Compared to 2019 Net increase/(decrease) as a result of		
Item	Scale ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>		
Interest-earning assets			
Total loans and advances to customers	1,104.59	(110.34)	994.25
Financial investments	4.71	40.21	44.92
Deposits with the central bank	(24.95)	(2.07)	(27.02)
Deposits with banks and other financial institutions	12.25	(39.12)	(26.87)
Financial assets held under resale agreements	56.53	(50.86)	5.67
Changes in interest income	1,153.13	(162.18)	990.95
Interest-bearing liabilities			
Deposits from customers	528.61	561.15	1,089.76
Deposits and placements from banks and other financial institutions	164.93	0.92	165.85
Borrowings from central bank	45.74	0.73	46.47
Placements from banks and other financial institutions	33.21	(0.23)	32.98
Financial assets sold under repurchase agreements	(11.64)	(30.69)	(42.33)
Debts securities issued	(262.54)	(281.37)	(543.91)
Changes in interest expenses	498.31	250.51	748.82

Notes:

- (1) Represents the average balance for the period minus the average balance for the previous period, multiplied by the average yield/cost for the previous period.
- (2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the average balance for the previous period.
- (3) Represents interest income/expense for the period minus interest income/expense for the previous period.

3.2.2 Analysis on interest income

In the first half of 2020, the Bank realized interest income of RMB9,592 million, representing a year-on-year increase of RMB991 million or 11.52%. The increase in interest income was mainly attributable to an increase in the average balance of interest-earning assets. During the Reporting Period, the increase in the average balance of interest-earning assets was mainly attributable to the increase in the average balance of the Bank's loans and advances to customers with the growth of the Bank's business.

I. Interest Income from loans and advances to customers

In the first half of 2020, the Bank's interest income from loans to customers was RMB5,709 million, representing a year-on-year increase of RMB994 million or 21.09%.

The following table sets forth, for the period indicated, the average balance, interest income and average yield for each component of our loans to customers.

Item	For the six months ended 30 June					
	Average balance	2020 Interest income	Average yield	Average balance	2019 Interest income	Average yield
<i>(Expressed in millions of RMB, unless otherwise stated)</i>						
Corporate loans and advances	157,663.07	4,881.12	6.19%	130,245.40	4,046.59	6.21%
Personal loans	26,089.20	722.50	5.54%	21,801.23	604.62	5.55%
Discounted bills	9,570.90	105.20	2.20%	3,870.61	63.36	3.27%
Total loans and advances to customers	193,323.17	5,708.82	5.91%	155,917.24	4,714.57	6.05%

II. Interest Income from Financial Investments

In the first half of 2020, the Bank's interest income from financial investments was RMB3,491 million, representing a year-on-year increase of RMB45 million or 1.30%.

III. Interest Income from Deposits with the Central Bank

In the first half of 2020, the Bank's interest income from deposits with the central bank amounted to RMB180 million, representing a year-on-year decrease of RMB27 million or 13.07%.

IV. Interest Income from Deposits with Banks and Other Financial Institutions

In the first half of 2020, the Bank's interest income from deposits with banks and other financial institutions was RMB36 million, representing a year-on-year decrease of RMB27 million.

V. Interest Income from Financial Assets Held under Resale Agreements

In the first half of 2020, the Bank's interest income from financial assets held under resale agreements was RMB176 million, representing a year-on-year increase of RMB6 million or 3.33%.

MANAGEMENT DISCUSSION AND ANALYSIS

3.2.3 Analysis on interest expenses

In the first half of 2020, the Bank's interest expense amounted to RMB4,712 million, representing a year-on-year increase of RMB749 million or 18.89%.

I. Interest Expense on Deposits from Customers

In the first half of 2020, the Bank's interest expense on deposits from customers amounted to RMB3,037 million, representing a year-on-year increase of RMB1,090 million or 55.96%.

II. Interest Expense on Deposits from Banks and Other Financial Institutions

In the first half of 2020, the Bank's interest expense on deposits from banks and other financial institutions amounted to RMB292 million, representing a year-on-year increase of RMB166 million or 131.27%.

III. Interest Expense on Financial Assets Sold under Repurchase Agreements

In the first half of 2020, the Bank's interest expense on financial assets sold under repurchase agreements was RMB32 million, representing a year-on-year decrease of RMB42 million or 56.67%.

IV. Interest Expense on Debt Securities Issued

In the first half of 2020, the Bank's interest expense on debt securities issued was RMB1,231 million, representing a year-on-year decrease of RMB544 million or 30.65%.

V. Interest Expense on Borrowings from Central Bank

In the first half of 2020, the Bank's interest expense on borrowings from central bank amounted to RMB86 million, representing a year-on-year increase of RMB46 million or 118.94%.

VI. Interest Expenses on Placements from Banks and Other Financial Institutions

In the first half of 2020, the Bank's interest expenses on placements from banks and other financial institutions was RMB34 million.



3.2.4 Analysis on non-interest income

I. Fee and commission income

In the first half of 2020, the Bank's net fee and commission income amounted to RMB209 million, representing a year-on-year increase of RMB148 million or 241.75%.

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

Item	For the six months ended 30 June		Change	Rate of change (%)
	2020	2019		
	(Expressed in millions of RMB, unless otherwise stated)			
Agency services fees	118.99	63.01	55.98	88.84
Bank card services fees	23.80	13.28	10.52	79.22
Acceptance and guarantee services fees	56.03	16.35	39.68	242.69
Settlement and clearing fees	16.16	14.04	2.12	15.10
Consultancy services fees	0.11	1.39	(1.28)	(92.09)
Fund supervision services fees	29.95	—	29.95	—
Fee and commission income	245.04	108.07	136.97	126.74
Bank card services expenses	(30.34)	(37.46)	7.12	(19.01)
Other fee and commission expenses	(5.31)	(9.34)	4.03	(43.15)
Fee and commission expenses	(35.65)	(46.80)	11.15	(23.82)
Net fee and commission income	209.39	61.27	148.12	241.75

II. Net trading gains

In the first half of 2020, the Bank's net trading gains amounted to RMB48 million, representing a year-on-year decrease of RMB78 million or 61.70%.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Net gains arising from investment securities

In the first half of 2020, the Bank's net gains arising from investment securities amounted to RMB397 million, representing a year-on-year increase of RMB189 million or 90.73%.

IV. Other operating income

In the first half of 2020, the Bank's other operating income was RMB46 million, representing a year-on-year increase of RMB34 million.

3.2.5 Analysis on operating expenses

In the first half of 2020, the Bank's operating expenses amounted to RMB1,698 million, representing a year-on-year increase of RMB119 million or 7.53%.

The following table sets forth, for the periods indicated, the amount, change amount and change rate of each component of our operating expenses.

Item	For the six months ended 30 June		Change	Rate of change
	2020	2019		
	(Expressed in millions of RMB, unless otherwise stated)			
Staff costs	1,113.54	957.44	156.10	16.30%
Depreciation and amortisation	140.91	149.39	(8.48)	(5.68%)
Office expenses	166.91	157.21	9.70	6.17%
Rental and property management expenses	10.48	3.67	6.81	185.56%
Taxes and surcharges	86.90	73.38	13.52	18.42%
Depreciation of right-of-use assets	83.15	104.90	(21.75)	(20.73%)
Interest expense on lease liabilities	16.70	12.28	4.42	35.99%
Other general and administrative fees	79.16	120.53	(41.37)	(34.32%)
Total operating expenses	1,697.75	1,578.80	118.95	7.53%

In the first half of 2020, the Bank's staff costs were RMB1,114 million, representing a year-on-year increase of RMB156 million or 16.30%.

In the first half of 2020, depreciation and amortisation of the Bank amounted to RMB141 million, representing a year-on-year decrease of RMB8 million or 5.68%.

In the first half of 2020, the Bank's office expenses amounted to RMB167 million, representing a year-on-year increase of RMB10 million or 6.17%.

In the first half of 2020, the Bank's tax and surcharges amounted to RMB87 million, representing a year-on-year increase of RMB14 million or 18.42%.

In the first half of 2020, the Bank's depreciation of right-of-use assets amounted to RMB83 million, representing a year-on-year decrease of RMB22 million or 20.73%.

3.2.6 Impairment losses on assets

In the first half of 2020, the Bank's impairment losses amounted to RMB1,564 million, representing a year-on-year increase of RMB124 million or 8.61%.

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

Item	For the six months ended 30 June		Change	Rate of change (%)
	2020	2019		
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Impairment loss/(reversal) of assets				
Loans and advances to customers	740.32	811.06	(70.74)	(8.72)
Financial investments	836.37	137.66	698.71	507.56
Credit commitments	(22.96)	302.80	(325.76)	(107.58)
Deposit with banks and other financial institutions	(0.27)	147.94	(148.21)	(100.18)
Financial assets held under resale agreements	–	(0.47)	0.47	(100.00)
Others	10.21	40.66	(30.45)	(74.89)
Total	1,563.67	1,439.65	124.02	8.61

3.2.7 Income tax

In the first half of 2020, the Bank's income tax amounted to RMB375 million, representing a year-on-year increase of RMB142 million or 61.10%.

The following table sets forth, for the periods indicated, the amount, change amount and change rate of each component of our income tax expenses.

Item	For the six months ended 30 June		Change	Rate of change (%)
	2020	2019		
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Current income tax expense	874.99	522.10	352.89	67.59
Deferred income tax expense	(499.86)	(289.24)	(210.62)	72.82
Income tax	375.13	232.86	142.27	61.10

MANAGEMENT DISCUSSION AND ANALYSIS

3.3 ANALYSIS ON MAJOR ITEMS IN THE BALANCE SHEET

3.3.1 Assets

As at 30 June 2020, the Bank's total assets amounted to RMB424,268 million, representing an increase of RMB14,879 million or 3.63% as compared to the end of last year.

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

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Gross loans and advances to customers	197,214.59	46.48	179,867.72	43.94
Add: Accrued interest	406.77	0.10	398.71	0.10
Less: Allowance for impairment losses	(7,628.70)	(1.80)	(6,916.73)	(1.69)
Net loans and advances to customers	189,992.66	44.79	173,349.70	42.34
Financial investments	163,649.35	38.57	148,034.04	36.16
Cash and deposits with the central bank	51,129.24	12.05	64,150.81	15.67
Deposits with banks and other financial institutions	1,843.41	0.43	6,292.15	1.54
Financial assets held under resale agreements	8,981.95	2.12	9,923.58	2.42
Other assets ⁽¹⁾	8,671.30	2.04	7,638.52	1.87
Total assets	424,267.91	100.00	409,388.80	100.00

Note:

- (1) Consists primarily of interests in associates, property and equipment, deferred income tax assets and other assets.

I. Loans and Advances to Customers

As at 30 June 2020, the Bank's total loans and advances to customers amounted to RMB197,215 million, representing an increase of RMB17,347 million or 9.64% as compared to the end of last year. The following table sets out, as of the dates indicated, a breakdown of the Bank's loans by business lines.

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans measured at amortised cost				
Corporate loans and advances	161,453.25	81.87	146,645.35	81.52
Personal loans and advances	27,400.28	13.89	25,767.56	14.33
Sub-Total	188,853.53	95.76	172,412.91	95.85
Loans measured at fair value through other comprehensive income				
Corporate loans and advances	2,228.41	1.13	1,538.42	0.86
Discounted bills	6,132.65	3.11	5,916.39	3.29
Sub-Total	8,361.06	4.24	7,454.81	4.15
Gross loans and advances to customers	197,214.59	100.00	179,867.72	100.00

Corporate loans and advances

As at 30 June 2020, the Bank's corporate loans amounted to RMB161,453 million, representing an increase of RMB14,808 million or 10.10% as compared with the end of last year.

Personal loans

As at 30 June 2020, the Bank's personal loans amounted to RMB27,400 million, representing an increase of RMB1,633 million or 6.34% as compared to the end of last year.



MANAGEMENT DISCUSSION AND ANALYSIS

II. Financial investments

As at 30 June 2020, the Bank's financial investments amounted to RMB163,649 million, representing an increase of RMB15,615 million or 10.55% as compared to the end of last year.

The following table sets forth, at the dates indicated, the components of our financial investments by our investment intention.

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Financial investments				
– Financial investments at fair value through profit or loss	18,790.80	11.48	12,217.95	8.26
– Financial investments at fair value through other comprehensive income	46,998.97	28.72	30,011.93	20.27
– Financial investments at amortised cost	97,859.58	59.80	105,804.16	71.47
Net financial investment	163,649.35	100.00	148,034.04	100.00

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Bonds				
Debt securities issued by central and local governments	41,257.41	25.21	42,910.19	28.99
Debt securities issued by policy banks	28,890.96	17.65	19,756.33	13.35
Debt securities issued by banks and other financial institutions	1,414.21	0.86	2,613.84	1.77
Debt securities issued by enterprises	18,957.38	11.58	12,008.02	8.11
Sub-total	90,519.96	55.30	77,288.38	52.22
Other financial investments				
Asset-backed securities	795.57	0.49	790.00	0.53
Structured notes issued by securities companies	599.53	0.37	–	–
Wealth management products issued by financial institutions	101.84	0.06	1,250.22	0.84
Investment funds managed by mutual fund managers ⁽¹⁾	13,338.56	8.15	7,913.41	5.35
Equity investments	37.75	0.02	37.75	0.03
Investment management products managed by assets management companies and trust plans	58,506.50	35.75	60,203.61	40.67
Private debt financing plans	815.91	0.50	815.91	0.54
Sub-total	74,195.66	45.34	71,010.90	47.96
Accrued interest	1,707.56	1.04	1,736.82	1.17
Provision for impairment losses	(2,773.83)	(1.68)	(2,002.06)	(1.35)
Net financial investments	163,649.35	100.00	148,034.04	100.00

(1) Mainly include monetary funds and bond funds.

(2) As at the end of the Reporting Period, the financial investments of the Bank were all financial markets business within the scope of operation approved by the CBIRC. The Bank has reviewed the disclosure requirements for material investments as set out in Appendix 16 to the Hong Kong Listing Rules, and to the best knowledge of the Bank, there is no book value of the above investments accounting for 5% or more of the Bank's total assets as at 30 June 2020.



MANAGEMENT DISCUSSION AND ANALYSIS

3.3.2 Liabilities

As at 30 June 2020, the Bank's total liabilities amounted to RMB389,653 million, representing an increase of RMB14,154 million or 3.77% as compared to the end of last year.

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

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Borrowings from the central bank	10,753.21	2.76	2,623.42	0.70
Deposits from customers	279,319.99	71.68	260,266.47	69.31
Deposits from banks and other financial institutions	19,059.20	4.89	16,107.37	4.29
Placements from banks and other financial institutions	2,102.11	0.54	1,001.14	0.27
Financial assets sold under repurchase agreements	11,011.71	2.83	7,966.76	2.12
Debt securities issued	62,996.14	16.17	84,122.73	22.40
Other liabilities ⁽¹⁾	4,411.07	1.13	3,411.67	0.91
Total liabilities	389,653.43	100.00	375,499.56	100.00

Note:

(1) Includes other payables, wages payable and taxes payable, etc.

I. Deposits from customers

As at 30 June 2020, the Bank's deposits from customers amounted to RMB279,320 million, representing an increase of RMB19,054 million or 7.32% as compared with the end of last year.

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

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Demand deposits				
– Corporate deposits	106,804.74	38.23	104,078.29	39.99
– Individual deposits	30,947.91	11.08	27,395.70	10.53
Sub-total	137,752.65	49.31	131,473.99	50.52
Time deposits				
– Corporate deposits	64,344.44	23.04	50,867.87	19.54
– Individual deposits	65,978.35	23.62	54,222.58	20.83
Sub-total	130,322.79	46.66	105,090.45	40.37
Pledged deposits	9,176.52	3.29	21,737.16	8.36
Inward and outward remittances	38.42	0.01	132.38	0.05
Fiscal deposits	48.01	0.02	5.34	–
Sub-total	9,262.95	3.32	21,874.88	8.41
Accrued interest	1,981.60	0.71	1,827.15	0.70
Total deposits from customers	279,319.99	100.00	260,266.47	100.00

II. Deposits from banks and other financial institutions

As at 30 June 2020, the Bank's deposits from banks and other financial institutions amounted to RMB19,059 million, representing an increase of RMB2,952 million or 18.33% as compared to the end of last year.

III. Debt securities issued

As at 30 June 2020, the Bank's debt securities issued amounted to RMB62,996 million, representing a decrease of RMB21,127 million or 25.11% as compared to the end of last year.



MANAGEMENT DISCUSSION AND ANALYSIS

3.3.3 Equities

As at 30 June 2020, the Bank's total shareholders' equity amounted to RMB34,614 million, representing an increase of RMB725 million or 2.14% as compared to the end of last year.

The following table sets forth, as of the dates indicated, the components of our shareholders' equity.

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Share Capital	14,588.05	42.14	14,588.05	43.05
Capital reserve	8,840.11	25.54	8,840.11	26.09
Surplus reserve	1,491.06	4.31	1,491.06	4.40
General reserve	4,070.00	11.76	3,360.00	9.91
Fair value reserve	(82.12)	(0.24)	165.80	0.49
Impairment reserve	84.17	0.24	18.87	0.05
Deficit on remeasurement of net defined benefit liability	(17.96)	(0.05)	(18.01)	(0.05)
Retained earnings	5,641.17	16.30	5,443.36	16.06
Total equity	34,614.48	100.00	33,889.24	100.00

3.4 OFF-BALANCE SHEET CREDIT COMMITMENTS AND CONTINGENT LIABILITIES

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

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Acceptances	12,497.13	73.79	25,082.48	91.93
Letters of credit	540.86	3.20	2.00	0.01
Credit card commitments	1,982.24	11.70	1,147.96	4.21
Letters of guarantee	1,915.86	11.31	1,049.44	3.85
Total	16,936.09	100.00	27,281.88	100.00

As at 30 June 2020, details of all commitments and contingent liabilities of the Bank are set out in Note 40 to the unaudited interim financial report in this report.

3.5 ANALYSIS ON LOANS QUALITY

3.5.1 Loan distribution by the five-category classification

Five-category Classification	As at 30 June 2020		As at 31 December 2019	
	Total	Percentage (%)	Total	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Normal	193,288.15	98.01	176,339.23	98.04
Special mention	1,633.33	0.83	1,399.93	0.78
Substandard	1,837.57	0.93	1,670.13	0.93
Doubtful	324.66	0.16	328.00	0.18
Loss	130.88	0.07	130.43	0.07
Gross loans and advances to customers	197,214.59	100.00	179,867.72	100.00
Non-performing Loans and Non-performing Loans Ratio	2,293.11	1.16	2,128.56	1.18

As at the end of the Reporting Period, the Bank's normal loans amounted to RMB193,288 million, accounting for 98.01%, RMB16,949 million or 9.61% higher than that at the end of the previous year; loans classified as special mention amounted to RMB1,633 million, accounting for 0.83% of the total loans and representing an increase of RMB233 million or 16.67% as compared to the end of the previous year. Non-performing loans amounted to RMB2,293 million. The non-performing loan ratio was 1.16%, representing a decrease of 0.02 percentage point as compared to the beginning of the year. The asset quality continued to lead the industry.



MANAGEMENT DISCUSSION AND ANALYSIS

3.5.2 Distribution of loans and non-performing loans by product type

Item	As at 30 June 2020				As at 31 December 2019			
	Loan amount	Percentage (%)	Amount of non-	Non-	Loan amount	Percentage (%)	Amount of non-	Non-
			performing	performing			performing	performing
			loans	loan ratio			loans	loan ratio
(Expressed in millions of RMB, unless otherwise stated)								
Corporate loans and advances								
– Working capital loans	44,165.20	22.39	689.48	1.56	39,328.20	21.87	630.36	1.60
– Fixed assets loans	112,180.85	56.88	1,080.51	0.96	106,178.89	59.03	967.41	0.91
– Others	5,107.20	2.59	205.42	4.02	1,138.26	0.63	283.19	24.88
Personal loans and advances								
– Personal residential mortgage loans	16,186.81	8.21	28.81	0.18	14,048.63	7.81	16.30	0.12
– Personal business loans	9,773.86	4.96	253.39	2.59	10,115.65	5.62	212.08	2.10
– Personal consumption loans	940.12	0.48	27.61	2.94	1,261.06	0.70	19.00	1.51
– Credit cards	499.49	0.25	7.89	1.58	342.22	0.19	0.22	0.06
Discounted bills	6,132.65	3.11	–	–	5,916.39	3.29	–	–
Corporate loans and advances	2,228.41	1.13	–	–	1,538.42	0.86	–	–
Total	197,214.59	100.00	2,293.11	1.16	179,867.72	100.00	2,128.56	1.18

As of the end of the Reporting Period, the Bank's corporate loans and advances increased by RMB14,808 million or 10.10% over the end of the previous year; personal loans increased by RMB1,633 million or 6.34% over the end of the previous year; the NPL ratio for corporate loans and advances decreased by 0.06 percentage point and the NPL ratio for personal loans increased by 0.20 percentage point as compared to the end of the previous year.

3.5.3 Distribution of corporate loans and non-performing loans by industry

Item	Loan amount	Percentage (%)	As at 30 June 2020		As at 31 December 2019			
			Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
(Expressed in millions of RMB, unless otherwise stated)								
Leasing and commercial services	78,355.04	39.72	411.49	0.53	74,664.19	41.53	–	–
Water resources, environment and public facilities management	14,412.58	7.31	–	–	13,032.02	7.25	–	–
Construction	12,011.31	6.09	144.91	1.21	10,525.65	5.85	407.65	3.87
Education	9,049.59	4.59	–	–	9,018.12	5.01	–	–
Real estate	10,853.92	5.50	208.24	1.92	7,970.22	4.43	273.02	3.43
Transportation, storage and postal services	5,978.54	3.03	70.28	1.18	5,844.25	3.25	70.62	1.21
Mining	5,575.05	2.83	675.22	12.11	4,703.70	2.62	676.93	14.39
Manufacturing	4,592.87	2.33	42.45	0.92	3,209.48	1.78	44.87	1.40
Health and social work	4,002.48	2.03	–	–	3,258.89	1.81	–	–
Wholesale and retail trade	8,273.93	4.20	142.39	1.72	5,902.16	3.28	141.06	2.39
Production and supply of electric power, gas and water	2,719.60	1.38	–	–	2,684.13	1.49	–	–
Agriculture, forestry, animal husbandry and fishery	2,126.71	1.08	11.26	0.53	1,531.30	0.85	1.55	0.10
Resident services, repair and other services	787.69	0.40	44.51	5.65	645.44	0.36	40.14	6.22
Culture, sports and entertainment	584.23	0.30	–	–	563.81	0.31	–	–
Information transmission, software and information technology services	362.53	0.18	3.40	0.94	651.46	0.36	3.40	0.52
Public administration, public security and social organizations	5.79	–	–	–	1.20	–	–	–
Accommodation and catering industry	835.82	0.42	21.26	2.54	1,708.86	0.95	21.72	1.27
Scientific research and technical services	220.89	0.11	–	–	25.10	0.01	–	–
Finance	704.68	0.36	200.00	28.38	705.37	0.39	200.00	28.35
Corporate loans and advances	161,453.25	81.86	1,975.41	1.22	146,645.35	81.53	1,880.96	1.28
Personal loans	27,400.28	13.90	317.70	1.16	25,767.56	14.32	247.60	0.96
Discounted bills	6,132.65	3.11	–	–	5,916.39	3.29	–	–
Forfeiting	2,228.41	1.13	–	–	1,538.42	0.86	–	–
Gross loans and advances to customers	197,214.59	100.00	2,293.11	1.16	179,867.72	100.00	2,128.56	1.18

As at the end of the Reporting Period, the industries in which the Bank's loans were relatively high were leasing and commercial services, water resources, environment and public facilities management, construction and real estate. Our non-performing loans are primarily concentrated in the mining, leasing and commercial services and real estate industries.

MANAGEMENT DISCUSSION AND ANALYSIS

3.5.4 Distribution of loans and non-performing loans by security type

Item	As at 30 June 2020				As at 31 December 2019			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Unsecured loans	21,813.94	11.06	27.74	0.13	19,624.80	10.91	8.22	0.04
Guaranteed loans	101,017.74	51.22	426.58	0.42	89,218.18	49.60	384.79	0.43
Collateralised loans	36,679.80	18.60	1,373.77	3.75	33,151.27	18.43	1,297.30	3.91
Pledged loans	37,703.11	19.12	465.02	1.23	37,873.47	21.06	438.25	1.16
Total	197,214.59	100.00	2,293.11	1.16	179,867.72	100.00	2,128.56	1.18

As at the end of the Reporting Period, the Bank's loans were mainly secured by guarantee and collateral, accounting for 51.22% and 19.12% of the total loans, respectively.

3.5.5 Distribution of loans by overdue period

Category	As at 30 June 2020		As at 31 December 2019	
	Total	Percentage (%)	Total	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans not past due	194,982.79	98.87	178,447.94	99.21
Overdue loans				
– Within 3 months	926.19	0.47	427.59	0.24
– Over 3 months but within 1 year	959.32	0.49	543.09	0.30
– Over 1 year but within 3 years	239.44	0.12	402.14	0.22
– Over 3 years	106.85	0.05	46.96	0.03
Overdue loans and overdue ratio	2,231.80	1.13	1,419.78	0.79

As of the end of the Reporting Period, the Bank's total overdue loans amounted to RMB2,232 million, accounting for 1.13%, of which loans overdue within 3 months amounted to RMB926 million, accounting for 0.47%, and loans overdue between 3 months to 1 year amounted to RMB959 million, accounting for 0.49%.

3.5.6 Loan concentration

Loans to top ten single borrowers

		As at 30 June 2020			
The Borrower	Industry	Balance	Percentage of total loans (%)	Percentage of net capital (%)	Five-category classification
<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
A	Real estate	2,117.60	1.07	5.21	Normal
B	Leasing and commercial services	2,033.00	1.03	5.01	Normal
C	Leasing and commercial services	2,000.00	1.01	4.92	Normal
D	Wholesale and retail trade	1,900.00	0.96	4.68	Normal
E	Water resources, environment and public facilities management	1,599.60	0.81	3.94	Normal
F	Leasing and commercial services	1,579.00	0.80	3.89	Normal
G	Leasing and commercial services	1,551.80	0.79	3.82	Normal
H	Real estate	1,500.00	0.76	3.69	Normal
I	Construction	1,288.41	0.65	3.17	Normal
J	Leasing and commercial services	1,281.00	0.65	3.15	Normal
Total		16,850.41	8.53	41.48	



MANAGEMENT DISCUSSION AND ANALYSIS

3.6 SEGMENT REPORTING

3.6.1 Summary of operating segments

The following table sets forth, for the periods indicated, our operating results of main operating segments:

Item	For the six months ended 30 June 2020					For the six months ended 30 June 2019				
	Corporate Banking	Retail Banking	Financial Markets	Others ⁽¹⁾	Total	Corporate Banking	Retail Banking	Financial Markets	Others ⁽¹⁾	Total
<i>(Expressed in millions of RMB, unless otherwise stated)</i>										
External net interest income/ (expense) ⁽²⁾	5,055.49	(551.13)	375.25	–	4,879.61	5,246.71	(200.46)	(408.77)	–	4,637.48
Inter-segment net interest (expense)/income ⁽³⁾	(1,980.80)	1,543.72	437.08	–	–	(1,719.58)	778.25	941.33	–	–
Net interest income	3,074.69	992.59	812.33	–	4,879.61	3,527.13	577.79	532.56	–	4,637.48
Net fee and commission income/(expense)	159.33	5.93	44.13	–	209.39	35.35	(12.49)	38.41	–	61.27
Net trading gains	–	–	48.18	–	48.18	–	–	125.81	–	125.81
Net gains arising from investment securities	–	–	397.07	–	397.07	–	–	208.18	–	208.18
Other operating income	41.97	–	–	4.31	46.28	10.19	–	–	2.29	12.48
Operating income	3,275.99	998.52	1,301.71	4.31	5,580.53	3,572.67	565.30	904.96	2.29	5,045.22
Operating expenses	(974.52)	(314.35)	(385.61)	(23.27)	(1,697.75)	(965.64)	(290.41)	(315.76)	(7.00)	(1,578.81)
Impairment losses on assets	(897.45)	(302.09)	(362.08)	(2.05)	(1,563.67)	(1,278.33)	4.32	(145.30)	(20.34)	(1,439.65)
Share of losses of associates	–	–	–	(15.01)	(15.01)	–	–	–	(4.16)	(4.16)
Profit/(loss) before tax	1,404.02	382.08	554.02	(36.02)	2,304.10	1,328.70	279.21	443.90	(29.21)	2,022.60

Notes:

- (1) Consists primarily of income and expenses that are not directly attributable to a segment.
- (2) Includes net interest income/expense from external customers or activities.
- (3) Includes net interest income/expense attributable to transactions with other segments.

The following table sets forth, for the periods indicated, our operating income by business segment and as a percentage of total operating income:

Item	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Amount	Percent of Total (%)	Amount	Percent of Total (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Corporate Banking	3,275.99	58.70	3,572.67	70.81
Retail Banking	998.52	17.89	565.30	11.20
Financial Markets	1,301.71	23.33	904.96	17.94
Others	4.31	0.08	2.29	0.05
Total	5,580.53	100.00	5,045.22	100.00

3.7 BUSINESS SUMMARY

3.7.1 Corporate business

I. Corporate deposits and loans

Firmly following the major strategic deployment implemented by Provincial Party Committee and Government, the Bank has deepened structural and supply-side reforms in the financial industry. With focus on “three major strategies” and key areas, the Bank continues to redouble its efforts to support the real economy, green finance and other areas, and serves the development of local economy with its own characteristics and towards the direction of marketization with a view to improving the quality and efficiency of serving the local economy. As at the end of the Reporting Period, the balance of the Bank’s corporate deposits amounted to RMB171,149 million and total corporate loans and advances amounted to RMB161,453 million.

The Bank always insists on returning finance to its origin. Concentrating on fundamental energy, industries, civil and military integration and “double thousand projects” (雙千工程), the Bank has been strongly supporting the construction of key projects and enterprises across the province to align with the major strategies of the provincial and local economic development, so as to comprehensively improve the ability and level of finance in developing the real economy. As at the end of the Reporting Period, the balance of real economy financing amounted to RMB91,113 million, representing an increase of RMB10,629 million or 13.21% from the beginning of the year, and the proportion of the balance of real economy financing as a percentage of total loans and advances to customers increased to 46.20% from 44.75% at the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Since 2020, the outbreak of COVID-19 pandemic has severely affected the normal economic activities in China and other countries and regions. To cope with the COVID-19 pandemic, the Bank actively followed up customer lists of major and key projects related to the COVID-19 pandemic prevention and control drawn up by the national and provincial ministries and commissions, which totaled 26 batches involving 12,423 target customers. Meanwhile, to support the COVID-19 pandemic prevention and control and the resumption of work and production, the Bank shortened the time limit for examination and approval, delegated the authority in respect of customer access and credit approval to branches, deferred payment of principal and interest for qualified customers with operating difficulties and unable to repay the principal and interest for the time being, and proactively allocated credit resources to support the resumption of work and business of various enterprises. As at the end of the Reporting Period, the Bank granted 246 corporate loans totaling RMB17,466 million to support the COVID-19 pandemic prevention and control as well as the resumption of work and production.

II. Green finance business

The Bank unswervingly persists in green development, taking green finance as a significant starting point for the Bank's transformation and intensive development. The Bank has innovatively promoted eco-agriculture, forest right mortgage, land reclamation, pollution prevention and control, green parks, eco-tourism and other financial products to give full play to the function of green finance in serving local economic and social development, building its "green bank" brand in an on-going way. As at the end of the Reporting Period, the balance of the Bank's green loans amounted to RMB21,517 million, representing an increase of RMB3,334 million from the beginning of the year. The proportion of green loans to the Bank's corporate loans was 13.33%, with focus on supporting the development of local green agriculture, rail transportation, eco-tourism and other industries.

III. Transaction banking business

During the Reporting Period, the Bank's transaction banking business has maintained a robust development momentum. The Bank intensified its efforts to develop light capital business by continuing to follow its strategy on corporate business transformation with a view to adjusting the revenue structures of businesses. The Bank continued improving its product systems on the basis of the establishment. Firstly, it continued improving the system for basic settlement products with "bills, securities and other products" as the core; secondly, it continued improving the system for supply-chain financial products of receivables, advances and deposits, rolling out "Gui e-Trust" (貴E信); thirdly, the Bank has innovated its new products in bills business based on such standardized bills business as "Payment of Bills" (票付通) and "Discounting of Bills" (貼現通) of the Shanghai Commercial Paper Exchange Corporation Ltd.; lastly, the Bank has created scenario-based cash management products, devising bespoke solutions targeting supermarkets, shopping malls, administrative services, etc.

The Bank continued to enhance the cross-border financial service ability, promote the development of domestic and overseas interbank cooperation channels, continuously expand its cooperation with various financial institutions at home and abroad, and enhance the depth and breadth of business cooperation. Through cross-border guarantee, domestic guarantee, international settlement, trade financing and other products and product portfolio services, the Bank has constantly intensified its business transformation and effectively relieved such problems as high financing cost and difficulties in getting access to financing faced by enterprises.



During the COVID-19 pandemic, the Bank has been supporting micro and small enterprises in the supply chain through innovative service solutions, and favorably advanced the work and production resumption of customers in such industries as manufacturing and circulation industry in an orderly manner, striving to stabilize the supply chain through various measures. As at the end of Reporting Period, the balance of the Bank's trade financing amounted to RMB5,807 million, which kept it ranking the second in the province in terms of the amount and growth rate.

IV. Investment banking business

The Bank promoted the sound development of the investment banking business to facilitate the transformation and upgrading of real economy. During the Reporting Period, the Bank comprehensively used debt financing instruments, debt financing plans, assets securitization, structural financing and other investment banking products and achieved an input of various assets with RMB7.284 billion and an asset balance of RMB78.751 billion.

3.8.2 Retail business

The Bank provides retail banking customers with diversified products and services, including loans, deposits, bank cards, credit cards and other services. During the Reporting Period, the Bank firmly followed the strategic planning on "developing big retail with extraordinary efforts" and promoted the retail business to achieve remarkable progress.

I. Retail customers

The Bank achieved increase in the number and quality of customers through strengthening customers obtaining in large quantities. As at the end of the Reporting Period, the Bank's valid personal accounts reached 2,265,700, representing an increase of 504,200 or 3.68 percentage points⁽¹⁾ as compared with the beginning of the year. It totally issued 2,105,600 trade union member cards, accounting for 63.97% of ordinary trade union members in the province and ranking the first in the market of Guizhou Province.

II. Personal deposits

The Bank achieved stable growth in the contribution of saving deposits through enhancing its quality and efficiency. As at the end of the Reporting Period, the balance of personal deposits of the Bank amounted to RMB96,926 million, representing an increase of RMB15,308 million or 18.76% as compared with the beginning of the year.

III. Personal consumption loans

The Bank recorded healthy development in consumer credit through reinforcing process management and control. As at the end of the Reporting Period, the Bank has issued 136,846 credit cards in total with a total credit limit of RMB2,482 million and an overdraft balance of RMB499 million. During the Reporting Period, it achieved revenue of RMB17,782,900 (after tax) from credit cards. As at the end of the Reporting Period, the balance of the Bank's personal consumption loans was RMB17,064 million, representing an increase of RMB1,982 million or 13.15% as compared with the beginning of the year.

Note:

- (1) During the Reporting Period, due to statistics approach adjustments (deducting number of closed accounts during the previous year), the Bank correspondingly adjusted number of valid personal accounts at the beginning of statistical period to 1,761,500.

<div> 贵州银行</div>																					
<div>总行</div> <table><tr><td>资产总额</td><td>1,234,567</td></tr><tr><td>存款总额</td><td>567,890</td></tr><tr><td>贷款总额</td><td>123,456</td></tr><tr><td>不良贷款率</td><td>1.23%</td></tr><tr><td>资本充足率</td><td>15.67%</td></tr><tr><td>拨备覆盖率</td><td>123.45%</td></tr><tr><td>流动性覆盖率</td><td>100.00%</td></tr><tr><td>净稳定资金率</td><td>100.00%</td></tr><tr><td>杠杆率</td><td>100.00%</td></tr><tr><td>其他指标</td><td></td></tr></table>		资产总额	1,234,567	存款总额	567,890	贷款总额	123,456	不良贷款率	1.23%	资本充足率	15.67%	拨备覆盖率	123.45%	流动性覆盖率	100.00%	净稳定资金率	100.00%	杠杆率	100.00%	其他指标	
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MANAGEMENT DISCUSSION AND ANALYSIS

3.8.3 Micro and small business

As at the end of the Reporting Period, the balance of the Bank's loans to micro and small enterprises was RMB88,826 million, representing an increase of RMB5,441 million or 6.53% as compared with the beginning of the year. Various businesses maintained rapid development and achieved outstanding economic and social benefits.

During the Reporting Period, since the COVID-19 pandemic caused a certain impact on the normal operations of micro and small enterprises, the Bank actively implemented relending to support development of micro and small enterprises and other macro policies as well as a series of relief measures for micro and small enterprises during the COVID-19 pandemic, including deferred repayment measures for micro and small enterprises, to ease the financial difficulties of micro and small enterprises caused by the COVID-19 pandemic. On the premise of ensuring the normalization of the prevention and control of the COVID-19 pandemic, the Bank continued to promote the resumption of work and production, and the resumption of business and market. As at the end of the Reporting Period, the Bank granted loans of RMB4,121 million to micro and small enterprises for the prevention and control of the COVID-19 pandemic and the resumption of work and production, which strongly supported the normal operations of 2,044 market entities and effectively promoted the stability in social employment.

Generally, the impact of the COVID-19 pandemic on the quality of loans to micro and small enterprises is controllable. Despite the challenging economic and social environment, the Bank has achieved scaled growth in its micro and small business. Next, the Bank will continue to perform its new work requirements on deferred repayment of principal and interest for loans to micro and small enterprises, and timely take measures to help enterprises to overcome temporary difficulties and maintain its development direction of seeking progress while maintaining stability in respect of the quality of loans to micro and small enterprises.

3.8.4 Financial markets business

During the Reporting Period, the Bank focused on the central goal of "putting forward its strategy implementation and accelerating the transformation and development" to make solid progress in various key tasks, promote the transformation of the financial markets business towards the profit center, effectively expand business scale, optimize the asset structure, grasp investment opportunities, strengthen internal management and enhance the profitability.

Firstly, investment scale continued to expand, with the increasing types of investment products and investment channels, non-interest revenue of the Bank recorded an increase and the structure of asset portfolio and profit of the Bank further optimized. With the market activity and participation effectively improved, the interbank market transactions of the Bank increased by 48.76% as compared with the corresponding period of previous year. The Bank's net profit or loss of securities held for investment increased 90.73% year on year through accurately analyzing the market and seizing the opportunity in the bond market, with its investment capability significantly improved.



Secondly, a breakthrough was made in the application of key business qualifications to lay a solid foundation for the implementation of strategic transformation. In February of this year, the Bank successfully obtained the bond underwriting qualification issued by the China Development Bank (國家開發銀行) and conducted underwriting business in an orderly manner, which expanded its income channel of the intermediate business.

Thirdly, the internal management capability was comprehensively enhanced. The Bank established the credit rating system for interbank customers, strengthened the credit management for interbank customers, formulated comprehensive risk management policies for the financial markets business and strictly implemented measures for subsequent supervision to further improve its principles and systems and form a normalized risk investigation mechanism.

3.8.5 Wealth management business

The Bank strictly abides by regulatory requirements and actively adapts to market development. It adhered to the operation principles of “Sunshine Operation, Compliance Operation, Strict Risk Control and Stable Development”, enhanced active management and speed up in net value transformation to solidly and steadily promote the development of the asset management business. As at the end of the Reporting Period, the Bank maintained a relatively rapid growth in the scale of the wealth management business. The balance of wealth management products increased by RMB6,038 million as compared with the beginning of the year, and total sales amounted to RMB30,419 million, representing an increase of 222.54% as compared with the corresponding period of the previous year. Its asset management ability and product competitiveness have been increasingly enhanced. During the Reporting Period, no material risks were identified in the wealth management business of the Bank.

3.8.6 Internet finance business

During the Reporting Period, the Bank adhered to the service concept with customers as the center, enhanced the Fin-Tech application, advanced platform construction and developed pan-financial scenarios to build an integrated operation system. The Bank continued its exploration in education and medical scenarios, and through provision of comprehensive service solutions to schools and hospitals, it has brought its banking services to more customer groups. Meanwhile, the Bank further expanded new scenarios such as smart access control and smart parking systems to embed financial services into customers’ daily life scenarios, providing customers with a closed-loop ecosystem that ranges from daily needs to financial solutions. Thus, the scenario-based financial ecology was significantly improved. During the COVID-19 pandemic, the Bank has established a financial service green channel for the COVID-19 pandemic prevention and control through issuing online operation guides and launching the “Pan-Aid” (疫情助手), providing effective online financial support for the economy and society.



MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, financial transactions through online channels accounted for 97.92%. The total number of mobile banking customers of the Bank reached 2,951,200, representing an increase of 16.40% as compared with the beginning of the year. The number of personal online banking users reached 2,088,100, representing an increase of 15.84% as compared with the beginning of the year. The number of WeChat banking users reached 923,200, representing an increase of 106.12% as compared with the beginning of the year.⁽¹⁾

3.8.7 Information system establishment

The construction of the Bank's new-generation information system continued to advance, the scheduled first three batches of 28 projects were successfully put into production, and the development of the fourth batch of new core, counter, credit, payment and other important systems was coming to an end for entering the joint debugging and commissioning stage. To meet the special financial demands occurring during the COVID-19 pandemic and the needs of business development by applying scientific and technological means, the Bank has optimized and upgraded the existing business systems, launching a series of products such as personal comprehensive consumption installment loans by credit card, intelligent access control, points mall and smart parking. The Bank completed its scheme design of new "three centers in two cities" (兩地三中心)⁽²⁾ in network architecture, DNS design, and the wavelength switched packet network, which well prepared for the implementation of its later dual-active data center. Safe production management was carried out in a solid manner, and the production system continued to run stably. During the Reporting Period, no risk accidents related to scientific and technological operations of the Bank were reported.

3.9 RISK MANAGEMENT

3.9.1 Credit risk management

Credit risk represents the economic loss to the Bank arising from the failure of a debtor or counterparty to meet its contractual obligation or changes in its credit quality. The credit risk of the Bank arises primarily from loans, financial investments, bill acceptance, letters of credit, letters of guarantee and other on-balance and off-balance businesses.

Facing the complicated and severe economic downturn and the impact of the COVID-19 pandemic in the first half of 2020, the Bank maintained prudent, sound and compliance risk preference, continuously promoted the risk management strategies transformation. It also optimized risk management support system and achieved continuous stability in asset quality.

Notes:

- (1) Since the date of this interim report, the Bank's number of users of the mobile banking APP, personal online banking and WeChat banking will be determined after deducting number of dormant accounts, and data on the beginning of the period will be adjusted on this basis.
- (2) Three centers in two cities; Two cities represent Guiyang and Zunyi; Three centers represent Jinyang engine room in Guiyang, IDC engine room in Gui'an New Area and offsite backup engine room for disaster recovery in Zunyi.

Firstly, continuously introducing relevant credit policies during the COVID-19 pandemic period. The Notice on Temporarily Deferred Repayment of Principal and Interest for Loans to Micro, Small and Medium-sized Enterprises Affected by the COVID-19 Pandemic (對受疫情影響的中小微企業貸款實施臨時性延期還本付息的相關通知) was issued twice, to grant the deferred repayment of principal and interest to the loans to micro, small and medium-sized enterprises which are qualified, aiming to provide relief measures to micro, small and medium-sized enterprises.

Secondly, continuously strengthening the prevention and control of credit risks. It implemented a list management system on extended loans in major industries during the COVID-19 pandemic period to strictly control credit risks and ensure the stability in asset quality.

Thirdly, achieving important progress in new capital agreements. It successfully issued all A, B and C cards for the internal rating on retails and the interbank customers rating system was launched and put into operation.

Fourthly, accelerating the transformation from the disposal of non-performing assets to asset operation management. It deeply explored the value of risk-bearing assets and achieved value recreation through effective operating initiatives, and realized the change from “preserving assets for customers” to “creating values for customers” through promoting the efficient operation of inefficient assets.

3.9.2 Liquidity risk management

Liquidity risk refers to the risks of failure to obtain adequate funds in time at a reasonable cost to repay debts when they are due, perform other payment obligations and meet other capital requirements in the ordinary course of business. Factors affecting liquidity risk include external factors and internal factors. External factors include domestic and international financial conditions, macroeconomic control policies, the depth and breadth of the development of financial markets and the competitive landscape of the banking industry; internal factors include the maturity and business structure of assets and liabilities, stability of deposits, market financing capability and various unexpected events.

The objectives of the Bank's liquidity risk management includes implementing a “systematic, proactive and normalized” liquidity risk management strategy, focusing on the development strategy of the Bank, continuously meeting the requirements of business development, payment and liquidity regulatory indicators, fully identifying, effectively measuring and continuously monitoring liquidity risks to ensure that it has sufficient capital or can obtain sufficient capital at reasonable cost in a timely manner to meet payment obligations when they fall due, maintain the bottom line of no occurrence of liquidity risk event, and maintain a dynamic balance among safety, liquidity and profitability, whether in a normal business environment or in a challenging situation.

The Bank's liquidity risk management system is comprised of the Board, the Board of Supervisors, the senior management, the Risk Management Committee, the Liquidity Risk Management Committee, and functional departments of head office, which include the Planning and Finance Department, the Risk Management Department, the IT Department, the Audit Department and business departments, and branches and sub-branches of the Bank. The Board is ultimately responsible for the management of liquidity risks; the senior management undertakes the organization and management work in respect of liquidity risk management

目錄	1
第一章 緒言	1
第二章 業務回顧	1
第三章 管理討論及分析	1
第四章 財務摘要	1
第五章 業績摘要	1
第六章 股息	1
第七章 附錄	1
第八章 其他資料	1

MANAGEMENT DISCUSSION AND ANALYSIS

and is responsible for the implementation of liquidity risk management, the establishment of organization, the implementation of systems and policies in relation to liquidity risk management; the Board of Supervisors is responsible for overseeing and assessing the performance of duties by the Board and the senior management in respect of liquidity risk management; the Planning and Finance Department of the head office is responsible for providing leadership for risk management and implementing specific work in relation to liquidity risk management and various departments under the head office and branches and sub-branches of the Banks provide assistance for liquidity risk management pursuant to their respective duties.

The Bank manages its liquidity risks through both centralized and decentralized approaches. The head office is responsible for the overall management of liquidity risks of the Bank and the branches and sub-branches manage the liquidity of themselves and institutions under their management to the extent as allowed under the policies issued by the head office to monitor the movements of assets and liabilities and relevant impacts on their liquidity. The Bank has established scientific and sound liquidity risk management strategies and policies. The Bank effectively identifies, measures, monitors, controls and reports liquidity risks through cash flow assessment and analysis, determines limit of liquidity risks based on business nature, scale, and complexity, risk appetite, development of external market and risk tolerance, promotes the diversification of financing channels and actively expands our financing channels while maintaining good relationships with principal counterparties for financing, enhances early warning monitoring and management of liquidity and implements day-time liquidity management, regularly carries out liquidity risk pressure tests based on the results of which to identify weaknesses in the liquidity risk management of the Bank and make adjustments to the liquidity risk management strategies and the size and structure of high-quality current assets when necessary, optimizes contingency plan for liquidity risks and carries out regular emergency drills, strengthens the management of high-quality current assets, improves the assessment of liquidity risks of new products, new businesses and new institutions, and enhances the management of assets and liabilities to orderly increase short-term assets, enhance the management of liabilities, utilize active liability instruments in a flexible manner, expand long-term funding sources and continuously improve the percentage of stable liabilities.

In the first half of 2020, our liquidity pressure tests involved significant loss of corporate and retail deposits, the material drop of liquidity of current assets, the decrease of availability of corporate and retail financing, the past due status of balance sheet and off-balance sheet asset business and other aspects. Based on the analysis of the test results, the Bank has relatively sufficient high-quality current assets and short-term current assets and better liquidity pressure tolerance and the shortest period of survival is over 30 days.



As at the end of the Reporting Period, the Bank's liquidity coverage ratio was 222.98%; the qualified current assets amounted to RMB91.358 billion; the net cash outflow for the next 30 days was RMB40.971 billion; the current ratio was 86.12%; the net stable funding ratio was 109.63%; the stable funding available was RMB256.281 billion; the stable funding needed was RMB233.769 billion. The details are set out in the table below.

Liquidity Coverage Ratio

Unit: RMB100 million, %

Item	Discounted amount
Qualified high-quality current assets	913.58
Net cash outflow for the next 30 days	409.71
Liquidity coverage ratio (%)	222.98

Net Stable Funding Ratio

Unit: RMB100 million, %

Item	At the end of second quarter of 2020	At the end of first quarter of 2020	End of 2019
Stable funding available	2,562.81	2,494.52	2,380.47
Stable funding needed	2,337.69	2,289.63	2,247.54
Net stable funding ratio (%)	109.63	108.95	105.91

3.9.3 Market risk management

Market risk is the risk arising from the adverse changes in interest rates, foreign exchange rates, stock prices and commodity prices. The Bank adopted a centralized model in market risk management and established a management structure with business departments as the first line of defense, risk management departments as the second line of defense and internal audit departments as the third line of defense, which specified the responsibilities of the Board of Directors, the Board of Supervisors and senior management in market risk management. During the Reporting Period, the Bank actively promoted the construction of a market risk management system to improve the market risk management framework and realize refined market risk management. Firstly, the Bank improved the market risk system, formulated various market risk systems, and strengthened market risk compliance management. Secondly, the Bank optimized the value-at-risk measurement system, promoted the in-depth application of value-at-risk measurement, and strengthened risk identification and monitoring. Thirdly, the Bank initiated a market risk system construction project to promote the construction of a market risk data mart and continue to improve the market risk management system.



MANAGEMENT DISCUSSION AND ANALYSIS

3.9.4 Operational risk management

Operational risk is the risk of losses arising from inadequate or defective internal procedures, personnel and information technology systems, or external events. Operational risk loss incidents may be faced by the Bank mainly include seven categories: internal and external frauds, employment systems and workplace safety accidents, accidents on customers, products and business activities, damages to physical assets, information technology system accidents and accidents on execution, settlement and process management.

The Bank has established an operational risk management system consisting of the Board of Directors, the Board of Supervisors, Senior Management, Operational Risk Management Committee, Risk Management Department, Legal Compliance Department, Information Technology Department, Audit Department and other functional departments of the head office, branches and sub-branches.

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

- I. It speeded up the establishment of the operational risk system. It carried out operational risk management consultation projects, covering fourteen functional modules including operational risk governance and structure, operational risk identification and self-assessment, key operational risk indicators, operational risk loss event collection tools, new products and new business operational risk management mechanism, outsourcing risk management mechanism, operational risk capital measurement mechanism, operational risk stress testing mechanism and tools, etc. The initiation and implementation of the projects are conducive to the operational risk management mechanism of the Bank and the systematic and informatized management of operational risks.
- II. It enhanced the overall risk prevention and control capabilities. Based on the internal and external inspections and problem rectification for the previous year, it clarified the ideas, methods and focus of risk prevention and control work, which were implemented by each branch according to the actual organizational structures. Since the COVID-19 pandemic outbreak, it has established a daily reporting system for cash and daily amount check on important bank vouchers of the Bank's outlets and the COVID-19 pandemic monitoring on the employees in this segment; organized each branch to carry out remote video database inspections on the outlets; inspected staff presence and operation of the outlets from time to time through remote video surveillance, checked the safety management in key business areas, and timely issued relevant risk reminders to branches and sub-branches.
- III. It strengthened collaboration to prevent external fraud. It strengthened information exchanges with external agencies such as the public security bureau and the People's Bank of China, implemented the share of cases of external fraud risk incidents among departments of the head office and between the head office and branches and sub-branches, and provided fraud information and preventive skills support for rural banks promoted and established by the Bank to achieve comprehensive collaboration in external fraud. During the Reporting Period, the Bank successfully prevented and blocked 177 external fraud risk incidents in counter services.



3.9.5 Information technology risk management

During the Reporting Period, the Bank focused on the construction of security systems and technical systems to ensure the safe and stable operation of important information systems and effectively support business development. The Bank continued to carry out information technology risk monitoring and evaluation in key areas of focus, and strengthened risk management and control in key links. And it constantly improved the construction of the disaster recovery system, and carried out business continuity emergency drills as planned.

During the Reporting Period, the Bank recorded no significant regional and systematic information technology risk events and business continuity risk events.

3.9.6 Legal and compliance risk management

I. Legal risk management

During the Reporting Period, the Bank continued to adopt various measures to improve the quality and effectiveness of legal risk management and control, and provide strong support and guarantee for operation and management. During the Reporting Period, the Bank recorded no major legal risk events.

- (I) Strictly implementing the legal review system. It conducted legal review on the bank-wide contracts for all types of business and various rules and systems, carried out legal risk assessment and argumentation on significant operation and management matters, and provided legal opinions or plans to ensure the legality of the operation and management activities of the Bank.
- (II) Consistently formulating form contract texts. It formulated form contract texts for frequent business activities and continuously supplemented and amended them based on regulatory requirements and business demands to prevent systematic legal risks.
- (III) Effectively executing litigation cases management. For litigation cases, it conducted feasibility and necessity analysis and argumentation and prepared lawsuit plans before the litigation based on management requirements and strictly went through approval procedures to enhance the handling and management ability on litigations and safeguard the legitimate rights of the Bank.
- (IV) Implementing the legal risk alert system. For common legal risks in the business operation of the Bank, it conducted careful argumentation and research and formed legal risk alerts to prevent and reduce the occurrence of legal risk incidents.
- (V) Enhancing legal publicity and training. Based on the requirements on legal publicity, the Bank carried on legal publicity through publishing learning materials on laws and regulations on the website of the Bank and other means. It organized legal training through centralized training, consultancy and guidance to enhance the employees' legal knowledge and risk awareness.



MANAGEMENT DISCUSSION AND ANALYSIS

II. *Compliance risk management*

The objective of the Bank's compliance risk management is to effectively identify, assess and prevent compliance risks through the establishment of a sound compliance risk management mechanism, promote the establishment of a comprehensive risk management system, and ensure its operations in compliance with laws and regulations.

The Board of the Bank assumes ultimate responsibility for the Bank's operations and management activities in compliance with applicable laws and regulations. The senior management of the Bank is responsible for implementing compliance policies. The compliance departments of the head office and branches are mainly responsible for the daily management of compliance risks of the Bank. During the Reporting Period, the Bank adopted the following major measures to strengthen compliance risk management:

- (I) to advance compliance supervision and inspection in an orderly manner. A bank-wide compliance inspection plan for the head office in 2020 was put in place, covering the main business lines, and continues to be implemented as scheduled.
- (II) to develop and issue the "Notice on Due Performance in Compliance and Operational Risk Management during the COVID-19 Pandemic Prevention Period", in order to strengthen the prevention of key risks in the special stage during the COVID-19 pandemic prevention and control.
- (III) to establish a rectification and accountability account and hold special meetings to promote the implementation of the rectification and accountability work for on-site inspections.
- (IV) to establish a compliance culture promotion and education platform, aiming to broaden compliance culture promotion and education channels. During the Reporting Period, the compliance and safety cases and typical judicial cases, regulatory development, etc., were published on the "Compliance Culture Development Column", which strengthened the compliance concept promotion within the Bank.

During the Reporting Period, the Bank recorded no significant legal risk and compliance incidents.



3.9.7 Reputational risk management

Reputational risk refers to the risk of negative comments from relevant interested parties resulting from our operations, management and other activities or external events. The Bank adopts reputational risk management into the corporate governance and the overall risk management system to actively and effectively prevent reputational risks and respond to reputational incidents and minimize the losses and negative effects on the Bank, relevant interested parties and the public. During the Reporting Period, the Bank further improved the reputational risk management system and formulated detailed reputational risk management policies and key points of annual reputation risk management. The Bank carried out inspections on potential reputation risks and monitored public opinion as well as effective monitoring and researches on and handling of public opinions to ensure the timely response to public opinion events. It also increased positive publicity to create a favorable atmosphere for business operation.

During the Reporting Period, the Bank recorded no significant public opinion events.

3.9.8 Interest rate risk management of banking book

Interest rate risk in the banking book refers to the risk of loss in the economic value and overall income of the banking book due to adverse changes in interest rate level and term structure, mainly including gap risk, benchmark risk and option risk. During the Reporting Period, the Bank continued to strengthen the interest rate risk management of the banking book. Firstly, the Bank gradually established and improved the interest rate risk governance structure of the banking book and improved the interest rate risk management mechanism of the banking book; Secondly, the Bank continued to optimize the maturity structure of assets and liabilities, gradually relieved the maturity mismatch situation, strengthened digital management and analysis, and strengthened the measurement of interest rate-sensitive assets and liabilities in the banking book, and strived to reduce the risk of losses in the economic value and overall income of the Bank; Thirdly, the Bank gradually improved the interest rate risk monitoring and reporting system of the banking book, strengthen the limit management and establish a long-term risk early warning mechanism, to effectively control the interest rate risk of the banking book.

3.9.9 Anti-money laundering management

Strictly following the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Money Laundering Regulations for Financial Institutions (《金融機構反洗錢規定》), the Administrative Measures for the Financial Institutions' Report of Large-Sum Transactions and Suspicious Transactions (《金融機構大額交易和可疑交易報告管理辦法》) and other laws, regulations and rules, the Bank earnestly performs anti-money laundering obligations, solidly and effectively conducts anti-money laundering work.

The Bank has set up an anti-money laundering leading group to lead, deploy and coordinate the bank-wide anti-money laundering policy implementation. The office of the leading group is based in the Legal and Compliance Department, which is responsible for leading the bank-wide anti-money laundering management and coordinating with all the functional departments, branches and sub-branches in implementing the internal control policies and operational procedures regarding anti-money laundering.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank managed and controlled money laundering risks through the following measures: Firstly, a professional consulting company completed money laundering risk assessment, comprehensively sorted out money laundering risk points, formulated practical and effective risk control measures, and consolidated basic anti-money laundering management; Secondly, the Bank continued to promote customer information governance, improved customer identity information, and strengthened customer identification; Thirdly, the Bank continued to promote the upgrade of the anti-money laundering system and improved system functions pursuant to strategic planning for the technology system of the Bank; Fourthly, the Bank organized anti-money laundering training for senior management and business departments; Fifthly, the Bank continuously monitored the status of existing customers and changes in their transactional records and adjusted their risk levels appropriately.

3.9.10 Strategic risk management

Strategic risk refers to the risk factors caused by changes in the external operation environment or improper operation policies during the formulation and implementation of strategies, which may have negative effects on the current or future capital, reputation or market position of the Bank as a whole. Strategic risk management is an integral part of the bank's corporate governance and comprehensive risk management system, which aims to comprehensively and effectively identify, assess, monitor and report the strategic risks faced by the Bank to guarantee the prudent formulation and proper implementation of the development strategies of the Bank.

During the Reporting Period, the strategic risk management of the Bank follows the principles of compliance, consistency, perspectiveness, independence and operability, the Bank's strategic risks remained stable and under control on the whole and strategic risks were under effective management. Next, the Bank will conduct timely appraisal on strategic risks to comprehensively assess the influence of changes in economy, finance, society, situation, industries and other external operation environment on its strategic risks as well as the reasonableness, compatibility and consistency of strategic plans, and timely adjust the strategic objectives and revise the strategic plan based on the results of the comprehensive evaluation.

3.9.11 Exchange Rate Risk Management

Exchange rate risk refers to the risk that the position and cash flow of foreign currency exposures held by the Bank will be adversely affected by fluctuations in major foreign exchange rates. The Bank's foreign currency assets and liabilities are mainly US dollars. The Bank's main principle for controlling exchange rate risk is to match assets and liabilities in each currency as much as possible, and conduct daily monitoring of foreign exchange exposure. In accordance with regulatory requirements and operating needs, the Bank controls exchange rate risk by rationally arranging the source of foreign currency funds, currency structure and operations to possibly minimize mismatches in assets and liabilities in different currencies, and on the other hand, through the stable trading of immediate settlement and sale of foreign exchange and actively avoiding exchange losses caused by exchange rate fluctuations, and ensuring that the cumulative foreign exchange exposure position indicators held by the Bank remain within the excellent regulatory rating. In addition, in the credit granting business, the Bank regularly revalues the exchange rate of the collateral for the large foreign currency business. In the case of undervalued guarantees, it takes timely repayment measures or supplementary guarantees to avoid losses caused by exchange rate risks.

3.10 CAPITAL MANAGEMENT

As at 31 December 2019 and 30 June 2020, the Bank's core tier-one capital adequacy ratio was 12.30% and 11.66%, respectively, the Bank's tier-one capital adequacy ratio was 12.30% and 11.66%, respectively, and the Bank's capital adequacy ratio was 14.45% and 13.74%, respectively, and the gearing ratio (liabilities over assets) of the Bank was 91.72% and 91.84%, respectively.

Item	As at 30 June 2020	As at 31 December 2019
<i>(Expressed in millions of RMB, unless otherwise stated)</i>		
Total core tier-one capital		
Share capital	14,588.05	14,588.05
Qualifying portion of capital reserve	8,824.20	9,006.77
Surplus reserve	1,491.06	1,491.06
General reserve	4,070.00	3,360.00
Retained earnings	5,641.17	5,443.36
Core tier-one capital	34,614.48	33,889.24
Core tier-one capital deductions	(155.85)	(172.20)
Net core tier-one capital	34,458.63	33,717.04
Tier-two capital		
Surplus provision for loan impairment	3,357.91	3,095.65
Instruments issued and share premium	2,793.17	2,792.44
Net tier-two capital	6,151.08	5,888.09
Total net capital	40,609.71	39,605.13
Total risk-weighted assets	295,630.62	274,014.08
Core tier-one capital adequacy ratio	11.66%	12.30%
Tier-one capital adequacy ratio	11.66%	12.30%
Capital adequacy ratio	13.74%	14.45%



MANAGEMENT DISCUSSION AND ANALYSIS

3.11 DEVELOPMENT STRATEGIES AND FUTURE DEVELOPMENT PROSPECTS

The development vision of the Bank is to grasp the pulse of the new era, maintain high-quality development and build a top-notch modern urban commercial bank in China. The development targets of the Bank are to contributing to excellence and creating values.

To achieve the above targets, the Bank plans to:

- (I) Accelerate the transformation of corporate banking business through “nine transformations”, namely, transforms the market direction from “government business” to “real economy”; the operation system from “decentralized operation” to “centralized operation”; the development goal from “spray and pray” to “focusing on the goal”; the thinking pattern from being “only able to reap” to “good at cultivation”; the service mode from “single product” to “comprehensive service”; the marketing focus from “single customer” to “customer ecosystem”; the methods and strategies from “generality” to “personalization”; the marketing practices from “relationship marketing” to “service marketing”; and the working pattern from “working alone” to “joint marketing”.
- (II) Accelerate the transformation of retail business and significantly increase the proportion of retail business through taking “five focuses” as the starting point, namely, focusing on identifying the target customer group, focusing on setting up an online marketing platform, focusing on extending the service radius, focusing on building an ecological system, and focusing on making good use of core products.
- (III) Accelerate the pluralistic development of our businesses by increasing efforts in assessment and resources allocation prioritization, which involves actively supporting the expansion of wealth management, transaction banking, financial markets, credit cards, investment banking and other businesses to increase the proportion of income from intermediate businesses.
- (IV) Accelerate the transformation of fintech through building a digital bank to further enhance our digital management capability; building a smart bank to integrate the online and offline businesses and offer personalized services with customization for various business scenarios; building an open bank to strengthen cooperation with the third party with an open attitude, therefore transfer different business ecosystems to the service platform of our Bank and effectively expand our customer access channels; building an agile bank to explore and establish agile organizations by placing scientific and technological talents in various business segments, which will improve our ability of agile and independent development and promote the deep integration of technology and business.



3.12 IMPACTS OF THE COVID-19 PANDEMIC

Since the beginning of 2020, the outbreak of the COVID-19 pandemic has seriously affected the normal economic activities of China and other countries and regions. The Bank always puts the health of customers and employees first. After the outbreak, the Bank immediately issued the COVID-19 pandemic prevention responsibilities, tasks and work guidelines at all levels to clarify responsibilities and ensure that there is no blind side in COVID-19 pandemic prevention. Facing the severe situation of the COVID-19 pandemic, the Bank proactively fulfilled its social responsibilities through donating RMB10 million to Hubei Charity Federation in the first time, sending supplies to the frontline medical workers and actively setting up volunteer teams to watch over checkpoints and gather COVID-19 pandemic statistics. The Bank organized the donation themed “Financial Youth in Action against the COVID-19 Pandemic”. By the end of the Reporting Period, the Bank had donated RMB11,405,100 in total to Hubei Charity Federation, Guizhou Charity Federation, China Youth Development Foundation and Guizhou Youth Development Foundation and other institutions.

The Bank acted swiftly and proactively, carefully implemented the country's decision and deployment to resolutely win the fight against the COVID-19 pandemic prevention and control, formulated “Ten Measures” based on the actual situation in a timely manner and went all out to help enterprises resume production and work, and provided strong financial support for winning the “two battles” and achieving “two triumphs”. The Bank has formulated a number of relief measures and strived to help customers affected by the COVID-19 pandemic to make up for the lost time and losses suffered:

- (I) We allocated special credits scale of RMB20 billion, giving priority to ensuring the prevention and control of COVID-19 pandemic and the resumption of work and production of various enterprises. We established a green channel for project approval, decentralized customer access approval authority, lowered entry threshold, gave priority to the COVID-19 pandemic protection of key enterprises, resumption of work and production, as well as to the approval.
- (II) For those enterprises affected by the COVID-19 pandemic and unable to repay their loans normally, we didn't impose late loan provision, loan breaking or loan squeeze. We spared no efforts in helping the enterprises to resume production and operation and pull through by adjusting their repayment period, granting new loans to them to repay old loans and renewing loans.
- (III) We took the initiative to increase credit lines granted to current qualified enterprise customers that have been affected by the COVID-19 pandemic with expanded capital needs, with no requirement for new information or guarantee. For enterprises closely related to COVID-19 pandemic prevention and control but unable to provide valid collateral or guarantee, we granted unsecured loans to meet their financing needs.
- (IV) We reduced charges and surrender part of the profits to effectively reduce the enterprises' financing costs. As at the end of the Reporting Period, the Bank had granted loans amounting to RMB21.587 billion for COVID-19 pandemic prevention and control and supporting enterprises to resume work and production, and the loan interest rate was 1-2 percentage points lower than the average loan interest rate in the same period.



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.1 CHANGES IN SHARE CAPITAL

As at 30 June 2020, total share capital of the Bank was 14,588,046,744 Shares, comprising 12,388,046,744 Domestic Shares and 2,200,000,000 H Shares.

Item	As at 31 December 2019		Changes in Numbers of shares during the Reporting Period (share)	As at 30 June 2020	
	Numbers of shares (share)	Percentage (%)		Numbers of shares (share)	Percentage (%)
Domestic Shares	12,388,046,744	84.92	0	12,388,046,744	84.92
H Shares	<u>2,200,000,000</u>	<u>15.08</u>	<u>0</u>	<u>2,200,000,000</u>	<u>15.08</u>
Total number of ordinary shares	<u>14,588,046,744</u>	<u>100</u>	<u>0</u>	<u>14,588,046,744</u>	<u>100</u>

4.2 INFORMATION ON SHAREHOLDERS

4.2.1 Total numbers of domestic shareholders

As at 30 June 2020, the Bank had 5,307 domestic shareholders in total, consisting of 11 state-owned shareholders, 60 state-owned legal person shareholders, 124 private enterprise legal person shareholders and 5,112 natural person shareholders.



4.2.2 Top ten holders of the Domestic Shares

As at 30 June 2020, the shareholdings of top ten Domestic Shareholders of the Bank are detailed as follows:

No.	Name of Shareholder	Class of Shares	Number of Shares held (Unit: Share)	Approximate percentage of total issued share capital of the Bank as at the end of the Reporting Period
1	Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	1,918,500,000	13.15%
2	China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	1,750,000,001	12.00%
3	Gui'an New Area Development and Investment Co., Ltd. (貴安新區開發投資有限公司)	Domestic Shares	1,050,000,000	7.20%
4	Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	Domestic Shares	718,545,710	4.93%
5	Shenzhen Expressway Company Limited (深圳高速公路股份有限公司)	Domestic Shares	426,000,000	2.92%
6	Guizhou Water Investment Group Co., Ltd. (貴州水投水務集團有限公司)	Domestic Shares	334,000,000	2.29%
7	Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Domestic Shares	300,000,000	2.06%
8	Liupanshui Municipal Finance Bureau (六盤水市財政局)	Domestic Shares	284,067,540	1.95%
9	Zunyi Hengtong Industrial Development Co., Ltd. (遵義恒通實業發展有限公司)	Domestic Shares	236,932,194	1.62%
10	Liupanshui Livelihood Industrial Investment Group Company Limited (六盤水市民生產業投資集團有限責任公司)	Domestic Shares	200,000,000	1.37%



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.3 Interests and short positions of substantial shareholders in Shares and underlying shares under the Regulations of Hong Kong

As at 30 June 2020, to the best knowledge of the Bank, the following persons (other than the Bank's Directors, Supervisors and chief executive) had or were deemed or taken to have interests and/or short positions in the Shares or underlying shares as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital carrying rights to vote in all circumstances at the shareholders' general meetings of any other member companies of the Bank:

Name of Shareholder	Class of Shares	Long positions/ short positions	Nature of Interests	Number of Shares (Unit: Share)	Approximate percentage of the relevant class of share capital of the Bank	Approximate percentage of the total issued share capital of the Bank
Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	Long positions	Beneficial Owner	1,918,500,000	15.49%	13.15%
China Kweichow Moutai Distillery (Group) Co., Ltd. ⁽¹⁾ (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	Long positions	Beneficial Owner	1,750,000,001	14.13%	12.00%
State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province ⁽¹⁾ (貴州省人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	1,750,000,001	14.13%	12.00%
Gui'an New Area Development and Investment Co., Ltd. ⁽²⁾ (貴安新區開發投資有限公司)	Domestic Shares	Long positions	Beneficial Owner	1,050,000,000	8.48%	7.20%
Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. ⁽³⁾ (遵義市名城國有資產投資經營 有限公司)	Domestic Shares	Long positions	Beneficial Owner	34,065,055	0.27%	0.23%
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. ⁽³⁾ (遵義市國有資產投融資經營管 理有限責任公司)	Domestic Shares	Long positions	Beneficial Owner Interest in controlled corporation	718,545,710 34,065,055	5.80% 0.27%	4.93% 0.23%
Zunyi Financial Holding Group Co., Ltd. ⁽³⁾ (遵義金控集團有限公司)	Domestic Shares	Long positions	Interest in controlled corporation	752,610,765	6.07%	5.16%
State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi ⁽³⁾ (遵義市人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	752,610,765	6.07%	5.16%
Mingyuan Group Investment Limited ⁽⁴⁾	H Shares	Long positions	Beneficial Owner	171,258,000	7.78%	1.17%
Shum Tin Ching ⁽⁴⁾ (沈天晴)	H Shares	Long positions	Interest in controlled corporation	171,258,000 140,637,000	7.78% 6.39%	1.17% 0.96%
Guizhou Fanjingshan Investment Holding Group Limited ⁽⁵⁾ (貴州省梵淨山投資控股集團有限公司)	H Shares	Long positions	Beneficial Owner	142,000,000	6.45%	0.97%
Tongren State-owned Assets Supervision and Administration Bureau ⁽⁵⁾ (銅仁市國有資產監督管理局)	H Shares	Long positions	Interest in controlled corporation	142,000,000	6.45%	0.97%

Notes:

- (1) China Kweichow Moutai Distillery (Group) Co., Ltd. is wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province (貴州省人民政府國有資產監督管理委員會). In virtue of the SFO, the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province is deemed to be interested in the Shares of the Bank held by China Kweichow Moutai Distillery (Group) Co., Ltd.
- (2) Guizhou Gui'an New Area Management Committee (貴州貴安新區管理委員會) holds 95.50% of interests in Gui'an New Area Development and Investment Co., Ltd. In virtue of the SFO, Guizhou Gui'an New Area Management Committee is deemed to be interested in the shares of the Bank held by Gui'an New Area Development and Investment Co., Ltd.
- (3) Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. is wholly owned by Zunyi City State-owned Assets Investment and Financing Management Co., Ltd., 73.50% interests of which is held by Zunyi Financial Holdings Group Co., Ltd. and Zunyi Financial Holdings Group Co., Ltd. is wholly owned by State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi.

In virtue of the SFO, Zunyi City State-owned Assets Investment and Financing Management Co., Ltd, Zunyi Financial Holdings Group Co., Ltd. and State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi are all deemed to be interested in the Shares of the Bank held by Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. Zunyi Financial Holdings Group Co., Ltd. and State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi are all deemed to be interested in the Shares of the Bank held by Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.

- (4) Shum Tin Ching directly holds 100% of total share capital issued by Mingyuan Group Investment Limited. In virtue of the SFO, Shum Tin Ching is deemed to be interested in the Shares of the Bank held by Mingyuan Group Investment Limited.
- (5) Tongren State-owned Assets Supervision and Administration Bureau holds 35.06% interests in Guizhou Fanjingshan Investment Holding Group Limited. In virtue of the SFO, Tongren State-owned Assets Supervision and Administration Bureau is deemed to be interested in the Shares of the Bank held by Guizhou Fanjingshan Investment Holding Group Limited.

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

Save as disclosed above, to the best knowledge of the Bank, the Bank is not aware of any other person (other than the directors, supervisors and the chief executive of the Bank) having any interests or short positions in the shares or underlying shares of the Bank as at 30 June 2020 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.4 Shareholders holding 5% or more of the shares

For information on Shareholders holding 5% or more of the share capital of the Bank, please refer to particulars of shareholders as described in 4.2.3 above.

4.2.5 Other substantial shareholders

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

Other than Guizhou Provincial Financial Bureau, China Kweichow Moutai Distillery (Group) Co., Ltd., Gui'an New Area Development and Investment Co., Ltd. and Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. as disclosed in the 4.2.3 headed "Interests and short positions of substantial shareholders in Shares and underlying shares under the Regulations of Hong Kong" under this chapter, the following are substantial domestic shareholders who hold less than 5% of total capital or total shares of the Bank but nominated directors, supervisors or senior management to the Bank (and such nominees were appointed):

Name of Shareholder	Class of Shares	Long positions/ short positions	Nature of Interests	Number of Shares (Unit: Share)	Approximate percentage of the total issued share capital of the Bank
Shenzhen Expressway Company Limited (深圳高速公路股份有限公司)	Domestic Shares	Long positions	Beneficial Owner	426,000,000	2.92%
	H Shares	Long positions	Beneficial Owner	76,207,000	0.52%
Guizhou Water Investment Group Co., Ltd. ⁽¹⁾ (貴州水投水務集團有限公司)	Domestic Shares	Long positions	Beneficial Owner	334,000,000	2.29%
	H Shares	Long positions	Beneficial Owner	314,030,000	2.15%
Guizhou Expressway Group Co., Ltd. ⁽¹⁾ (貴州高速公路集團有限公司)	Domestic Shares	Long positions	Beneficial Owner	300,000,000	2.06%
Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業 發展投資有限責任公司)	H Shares	Long positions	Beneficial Owner	309,382,000	2.12%
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本 營運有限責任公司)	H Shares	Long positions	Beneficial Owner	310,487,000	2.13%
Liupanshui Municipal Finance Bureau (六盤水市財政局)	Domestic Shares	Long positions	Beneficial Owner	284,067,540	1.95%

4.2.6 Substantial shareholders and their controlling shareholders, actual controllers, ultimate beneficial owners and related parties

Name of company	Registry	Registered capital (RMB'000)	Percentage of shareholding in the Bank (including Domestic Shares and H Shares) as at 30 June 2020	Percentage of shareholding in the Bank (including Domestic Shares and H Shares) as at 31 December 2019	Economic nature of operation or type	Legal representative or person in charge
Guizhou Provincial Finance Bureau ⁽¹⁾	Guiyang, Guizhou Province	N/A	13.15%	13.15%	Provincial government department	Yan Wanping (晏婉萍)
China Kweichow Moutai Distillery (Group) Co., Ltd. ⁽¹⁾	Guiyang, Guizhou Province	10,000,000	12.00%	12.00%	Limited liability company (wholly state-owned)	Gao Weidong (高衛東)
Gui'an New Area Development and Investment Co., Ltd. ⁽¹⁾	Gui'an New Area in Guizhou Province	20,000,000	7.20%	7.20%	Limited liability company (state-controlled)	Zong Wen (宗文)
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.	Zunyi Guizhou	8,163,400	4.93%	4.93%	Limited liability company (state-controlled)	Lu Lin (盧麟)
Guizhou Water Investment Group Co., Ltd. ⁽¹⁾	Guiyang, Guizhou Province	698,540	4.44%	4.44%	Limited liability company (wholly state-owned)	Qin Liqi (秦禮琦)
Shenzhen Expressway Company Limited	Shenzhen, Guangdong Province	2,180,770	3.44%	3.44%	Joint-stock company	Hu Wei (胡偉)
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guiyang Guizhou Province	173,690	2.13%	2.13%	Limited liability company (state-controlled)	Lv Jiyan (呂紀焱)
Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司)	Renhuai, Zunyi Guizhou	100,000	2.12%	2.12%	Limited liability company (wholly state-owned)	Li Wu (李武)
Guizhou Expressway Group Co., Ltd. ⁽¹⁾ (貴州高速公路集團有限公司)	Guiyang, Guizhou Province	11,105,372	2.06%	2.06%	Limited liability company (wholly state-owned)	Ren Ren (任仁)
Liupanshui Municipal Finance Bureau (六盤水市財政局)	Liupanshui, Guizhou Province	N/A	1.95%	1.95%	Liupanshui municipal government department	Li Wenxu (李文旭)



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Note:

- (1) As recommended by the shareholders including Finance Bureau of Guizhou Province, China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司), Gui'an New Area Development and Investment Co., Ltd., Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司) and Guizhou Water Investment Group Co., Ltd. (貴州水投水務集團有限公司), respectively, the nominations of Mr. Chen Jingde, Mr. Wang Zhiming, Mr. Shi Xianyin, Mr. Zhao Yong and Mr. Zhong Xueliang as candidates to the second session of the Board of the Bank were considered and approved at the 2020 first meeting of the second session of the Board of the Bank and the 2019 annual general meeting. The position qualifications of Mr. Chen, Mr. Wang, Mr. Shi, Mr. Zhao and Mr. Zhong are subject to the approval by CBIRC Guizhou Office and they will take office since the date of such approval until the expiry of the term of the second session of the Board of the Bank.

1. **Guizhou Provincial Finance Bureau**

Guizhou Provincial Finance Bureau holds 1,918,500,000 Domestic Shares of the Bank, accounting for 13.15% of the total share capital of the Bank. The shares held by Guizhou Provincial Finance Bureau are state-owned shares, and the ultimate beneficial owner is Guizhou Provincial Finance Bureau.

Its main business is to implement the national and provincial fiscal and taxation policies and laws and regulations, organize the drafting of local regulations and rules on finance, taxation, government procurement, state-owned asset management, asset evaluation, financial accounting and government debt management.

2. **China Kweichow Moutai Distillery (Group) Co., Ltd.**

China Kweichow Moutai Distillery (Group) Co., Ltd. holds 1,750,000,001 Domestic Shares of the Bank, representing a percentage of the total share capital of the Bank, being 12.00%. China Kweichow Moutai Distillery (Group) Co., Ltd. is wholly-owned by State-owned Assets Supervision and Administration Commission of People's Government of Guizhou Province, which is its beneficial controller and the ultimate beneficial owner. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of China Kweichow Moutai Distillery (Group) Co., Ltd. also included Kweichow Moutai Distillery (Group) Real Estate Investment and Development Co., Ltd.* (貴州茅台酒廠(集團)置業投資發展有限公司) and Guizhou Railway Investment Co., Ltd.* (貴州鐵路投資有限責任公司).

The main business of China Kweichow Moutai Distillery (Group) Co., Ltd. includes production and operation of alcoholic products as major products, production technology consulting and services of alcoholic products, production and sales of packaging materials and beverages, catering, accommodation, tourism, logistics and transportation, import and export trade business, internet industry, real estate development and lease, parking lot management, education, health and ecological agriculture.



3. ***Gui'an New Area Development and Investment Co., Ltd.***

Gui'an New Area Development and Investment Co., Ltd. holds 1,050,000,000 Domestic Shares of the Bank, representing a percentage of the total share capital of the Bank, being 7.20%. Guizhou GuiAn New Area Management Committee holds 95.50% of equity in Gui'an New Area Development and Investment Co., Ltd. and was an actual controller and the ultimate beneficial owner. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Gui'an New Area Development and Investment Co., Ltd. also included Guizhou Gui An Construction Investment Co., Ltd.* (貴州貴安建設投資有限公司) and Guizhou Gui An Real Estate Investment Co., Ltd.* (貴州貴安置業投資有限公司).

The major businesses of Gui'an New Area Development and Investment Co., Ltd. involve infrastructure construction, construction of urban public supporting facilities, integrated urban operation services, primary land development, real estate development, investment and operation and management of financial and similar financial assets, capital operation, asset management and operation, big data industry and investment, high-end equipment manufacturing industry and investment, biotechnology, pharmaceutical industry and investment, cultural tourism industry and investment, big health industry and investment, educational and cultural industry and investment, comprehensive agricultural development and investment, rural environmental infrastructure construction and investment, development and investment of ecological agriculture, industrial investment, operation and management of production and business, general contracting and operation and management of garden landscape engineering construction, storage and logistics, e-commerce, hotel services, housing and site leasing as well as intermediary services.

4. ***Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.***

Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. holds 718,545,710 Domestic Shares of the Bank, representing a percentage of the total share capital of the Bank, being 4.93%. Zunyi Financial Holdings Group Co., Ltd. holds 73.50% equity of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. and is wholly-owned by State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi. Therefore, State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi was an actual controller and the ultimate beneficial owner of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. also included Zunyi Financial Holdings Group Co., Ltd. and Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd.

The main businesses of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. are engaging in the operation and management of state-owned assets within the scope of authorization, and exercising the function of investor, management of the state-owned assets within the authorized scope through asset transfer, asset leasing, asset acquisition, asset replacement, equity participation, share controlling, entrusted loans, issuance of corporate bonds, and cultivation of listed companies and other capital operations, managing the state-owned assets income, and investing in urban infrastructure construction projects according to the arrangements of the municipal people's government, key economic construction projects and backbone enterprises, and responsible for supervising the funds construction of various subsidiaries to achieve an integrated services including investment and construction, providing financing information services for the invested enterprises, conducting land development and improvement.



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

5. *Guizhou Water Investment Group Co., Ltd.*

Guizhou Water Investment Group Co., Ltd. holds 334,000,000 Domestic Shares and 314,030,000 H Shares of the Bank, with a total shareholding of 648,030,000 Shares, accounting for 4.44% of the entire share capital of the Bank. Guizhou Water Investment Group Co., Ltd. is a wholly-owned subsidiary of Guizhou Province Water Investment (Group) Co., Ltd. (貴州省水利投資(集團)有限責任公司). Water Resources Department of Guizhou Province (貴州省水利廳) holds 85.20% equity of Guizhou Province Water Investment (Group) Co., Ltd. The actual controller and the ultimate beneficial owner of Guizhou Water Investment Group Co., Ltd is Water Resources Department of Guizhou Province (貴州省水利廳). According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Investment Group Co., Ltd. also included Guizhou Runhong Construction Engineering Co., Ltd.* (貴州潤宏建築工程有限公司) and Guizhou Water Investment Group Songtao Co., Ltd.* (貴州水投水務集團松桃有限公司).

The main businesses of Guizhou Water Investment Group Co., Ltd. are organizing enterprises to carry out survey and design, construction, maintenance, management and toll collection of expressways and affiliates, organizing transportation services, construction machinery, traffic engineering facilities and materials, vehicle and machinery maintenance, highway construction consulting, demonstration and supervision as well as introducing and developing new technologies.

6. *Shenzhen Expressway Company Limited*

Shenzhen Expressway Company Limited holds 426,000,000 Domestic Shares and 76,207,000 H Shares of the Bank, with a total shareholding of 502,207,000 Shares, accounting for 3.44% of the entire share capital of the Bank. Shenzhen Expressway Company Limited is an A Share and H Share listed Company. Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司) holds 30.03% equity of Shenzhen Expressway Company Limited. Its actual controller and the ultimate beneficial owner is State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen based on available information. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Shenzhen Expressway Company Limited also included Shenzhen Expressway Environmental Company Limited (深圳高速環境有限公司) and Shenzhen Guangshen Coastal Expressway Investment Company Limited (深圳市廣深沿江高速公路投資有限公司).

The main businesses of Shenzhen Expressway Company Limited are highway and road investment, construction management, business management; import and export business (operating with qualification certificates).



7. ***Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.***

Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. holds 310,487,000 H Shares of the Bank, accounting for 2.13% of the entire share capital of the Bank. Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. was established on 5 July 2005, in which Qianxinan Prefecture State-owned Assets Supervision and Administration Bureau (黔西南州國資局) holds 73.23% equity and is its actual controller and ultimate beneficiary owner. According to the relevant regulations as provided in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. also included Guizhou Honyee Assets Management Co., Ltd.* (貴州宏義資產管理有限公司) and Guizhou Shijin Financial Guarantee Co., Ltd.* (貴州省時進融資擔保有限責任公司).

The main businesses of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. are state-owned asset equity management, financing and investment, property (equity) acquisition, merger and transfer, asset custody and disposal, state-owned asset operation and management, urban infrastructure investment and financing, construction of municipal utilities engineering, land development and rehabilitation, real estate development and operation, lease of commercial housing, real estate information consulting, engaging in real estate brokerage business, property management, lease of office spaces, and sales of commodity houses developed by the enterprise.

8. ***Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd.***

Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司) holds 309,382,000 H Shares of the Bank, representing 2.12% of the total share capital of the Bank. Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司) was established on 2 July 2013. It is wholly owned by Renhuai People's Government which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司) also include, among others, Guizhou Renhuai Sugar Tobacco & Alcohol Co., Ltd. (貴州省仁懷市糖業煙酒有限責任公司) and Guizhou Renhuai Sauce-flavored Liquor Supply Chain Management Co., Ltd. (貴州省仁懷市醬香酒供應鏈管理有限公司).

The principal activities of Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司) include investments in municipal infrastructure construction and major contracted construction projects from the government; asset operation, including collection of return on state-owned assets to the extent as authorized by the government, independent or joint development of new projects, promotion and introduction of external investments on behalf of the government and urban housing demolition and relocation; and relevant business activities in the liquor industry, including but not limited to investment, development and construction of projects and relevant referral services, liquor purchase and storage, liquor marketing, consultancy in relation to liquor exhibitions and promotion of liquor for enterprises in the industry.



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

9. **Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)**

Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司) holds 300,000,000 Domestic Shares of the Bank, representing 2.06% of the total share capital of the Bank. Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司) was established on 16 October 1993. It is wholly owned by State-owned Assets Supervision and Administration Commission of People's Government of Guizhou Province which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司) also include, among others, Guizhou Expressway Investment Group Co., Ltd. (貴州高速投資集團有限公司) and Guizhou Qiantong Intelligent Connection Technology and Industry Development Co., Ltd. (貴州黔通智聯科技產業發展有限公司).

The principal activities of Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司) include the operation and management of expressways and ancillary facilities covering construction, maintenance, toll collection, service, etc.; the construction, operation and management of business in relation to expressways; expressway passenger and freight transport; leasing and repair and maintenance of materials and equipment and provision of other supplies; technical consultancy, survey and design, supervision, monitoring and testing and other services in relation to expressway construction; and introduction of new materials, technologies and workmanship.

10. **Liupanshui Municipal Finance Bureau**

Liupanshui Municipal Finance Bureau holds 284,067,540 Domestic Shares of the Bank, accounting for 1.95% of the entire share capital of the Bank. The Shares held by Liupanshui Municipal Finance Bureau are state-owned shares, and the ultimate beneficial owner is Liupanshui Municipal Finance Bureau.

Its principal activities include the implementation of national and provincial financial guidelines and policies, laws and regulations and rules in relation to budget, taxation, finance and accounting; and conducting overall analysis and forecast on the economic condition of the city, providing guidance for finance related work of the city and developing regulations and rules in relation to the financial budget, local taxation, finance and accounting and monitoring their enforcement.



4.2.7 Pledge of Shares by major shareholders

Zunyi City State-owned Assets Investment and Financing Management Co., Ltd., a substantial shareholder of the Bank, holds 718,545,710 Domestic Shares of the Bank, and the shareholder has pledged 200 million Shares held by it:

- I. of which 70 million Shares are pledged to Guiyang Branch of China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司貴陽分行) to provide maximum guarantee for China Aviation Guizhou Elevator Co., Ltd. (貴州中航電梯有限責任公司) with a maximum balance of guaranteed debt of RMB150 million;
- II. of which 130 million Shares are pledged to Fuzhou Branch of Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司福州分行) to provide pledge guarantee for Zunyi Financial Holdings Group Co., Ltd. (遵義金控集團有限公司) with a balance of guaranteed debt of RMB400 million.

Save as disclosed above, the Bank has no other pledge on Shares made by major shareholders.

4.2.8 Nomination of Directors and Supervisors by the shareholders

Nominated by	Name of nominee	Position
Guizhou Provincial Financial Bureau (貴州省財政廳)	Yang Mingshang ⁽¹⁾	Non-executive Director
Guizhou Provincial Financial Bureau (貴州省財政廳)	Chen Jingde ⁽²⁾	Non-executive Director
Gui'an New Area Development and Investment Co., Ltd. (貴安新區開發投資有限公司)	Chen Yongjun ⁽¹⁾	Non-executive Director
Gui'an New Area Development and Investment Co., Ltd. (貴安新區開發投資有限公司)	Shi Xianyin ⁽²⁾	Non-executive Director
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	Lu Lin ⁽⁴⁾	Non-executive Director
Shenzhen Expressway Company Limited (深圳高速公路股份有限公司)	Gong Taotao	Non-executive Director
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Wang Zhiming ⁽²⁾	Non-executive Director
Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Zhao Yong ⁽²⁾	Non-executive Director
Guizhou Water Investment Group Co., Ltd. (貴州水投水務集團有限公司)	Zhong Xueliang ⁽²⁾	Non-executive Director
Guizhou Water Investment Group Co., Ltd. (貴州水投水務集團有限公司)	Wu Qiangli ⁽¹⁾	Shareholder Supervisor
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	Xu Yu ⁽³⁾	Shareholder Supervisor
Guizhou Renhuai Sauce-flavored Liquor Industrial Development Investment Co., Ltd. (貴州省仁懷市醬香型白酒產業發展投資有限責任公司)	Chen Hongcai ⁽³⁾	Shareholder Supervisor
Liupanshui Municipal Finance Bureau (六盤水市財政局)	Yang Jian ⁽³⁾	Shareholder Supervisor



CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

- (1) Mr. Yang Mingshang resigned as a Director of the Bank on 16 March 2020, Mr. Chen Yongjun resigned as a Director of the Bank on 16 March 2020, which were effective from the same date ; and Ms. Wu Qiangli resigned as a shareholder Supervisor and a member of the Supervision Committee of the Bank on 17 March 2020, with effect from the date of election and appointment of a new shareholder supervisor at the 2019 annual general meeting held on 20 May 2020.
- (2) The position qualifications of Mr. Chen Jingde, Mr. Wang Zhiming, Mr. Shi Xianyin, Mr. Zhao Yong and Mr. Zhong Xueliang are subject to the approval by CBIRC Guizhou Office and they will take office since the date of such approval until the expiry of the term of the second session of the Board of the Bank.
- (3) The term of office of Ms. Xu Yu, Mr. Chen Hongcai and Mr. Yang Jian commenced from 20 May 2020, the date on which their appointments were considered and approved at the 2019 annual general meeting, until the expiry of the term of the second session of the Board of Supervisors of the Bank.
- (4) On 24 August 2020, Mr. Lu Lin submitted a report to the Board of the Bank to resign as a non-executive Director and member of the Nomination and Remuneration Committee of the Bank due to his work arrangement, with effect from the same date.

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

Nil.

4.2.10 The number of Domestic shares pledged by substantial domestic shareholders reaching or exceeding 50% of the total shares held by them in the Bank

Nil.

4.2.11 The Bank's pledged shares being frozen, judicially auctioned, or subject to voting restriction or other restrictions under the law

Zunyi Hengtong Industrial Development Co., Ltd. (遵義恒通實業發展有限公司) holds 236,932,194 shares of the Bank. It pledged all shares to Xiamen Branch of Xiamen International Bank. Due to various disputes involved, the shareholder's equity has been frozen and its voting rights are restricted in accordance with the laws as follows:

1. On 31 January 2019, Guiyang Intermediate People's Court froze its 55,900,817 shares for a period from 31 January 2019 to 30 January 2022;
2. On 22 February 2019, Public Security Bureau of Fenggang county, Guizhou Province froze its entire equity for a period from 22 February 2019 to 21 August 2019;
3. On 20 August 2019, the Fenggang County Public Security Bureau froze its equity again for a period from 20 August 2019 to 21 August 2020;



4. On 15 March 2019, Suiyang County People's Court in Guizhou Province froze its 2 million shares for a period from 15 March 2019 to 15 March 2021;
5. On 18 March 2019, Guiyang Intermediate People's Court froze its 181,031,376.5 shares again;
6. On 29 March 2019, Zunyi Intermediate People's Court froze its entire equity for a period from 29 March 2019 to 28 March 2022.

4.2.12 Purchase, sale or redemption of listed securities

During the Reporting Period, the Bank did not purchase, sell or redeem any of its listed securities.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND ORGANIZATIONS

5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1.1 Directors

The Board of the Bank consists of eight Directors, including two executive Directors, namely Mr. LI Zhiming (Chairman) and Mr. XU An, one non-executive Director, namely Ms. GONG Taotao, and five independent non-executive Directors, namely Mr. TANG Xin, Mr. WANG Gefan, Mr. SONG Ke, Mr. LI Shoubing and Mr. LAW Cheuk Kin Stephen.

Name	Gender	Date of Birth	Date of appointment ⁽¹⁾	Position in the Bank
LI Zhiming (李志明)	Male	November 1961	April 2018	Chairman of the Board, executive Director
XU An (許安)	Male	June 1963	August 2018	Executive Director, President of the Bank
GONG Taotao (龔濤濤) ⁽²⁾	Female	February 1973	August 2018	Non-executive Director
TANG Xin (湯欣)	Male	September 1971	August 2018	Independent non-executive Director
WANG Gefan (王革凡)	Male	June 1957	August 2018	Independent non-executive Director
SONG Ke (宋科)	Male	April 1982	August 2018	Independent non-executive Director
LI Shoubing (李守兵)	Male	July 1972	August 2018	Independent non-executive Director
LAW Cheuk Kin Stephen (羅卓堅)	Male	November 1962	November 2018	Independent non-executive Director

Notes:

- (1) Refers to the date on which approval on the appointment as a Director from the CBIRC Guizhou Office was obtained.
- (2) Ms. Gong Taotao was acted as a non-executive Director of the first session of the Board of the Bank from November 2016 to August 2018.

In addition, as recommended by the shareholders, Mr. Chen Jingde, Mr. Wang Zhiming, Mr. Shi Xianyin, Mr. Zhao Yong and Mr. Zhong Xueliang were nominated as candidates to the second session of the Board of the Bank, and their nominations have been considered and approved at the 2020 first meeting of the second session of the Board of the Bank and the 2019 annual general meeting. The position qualifications of Mr. Chen, Mr. Wang, Mr. Shi, Mr. Zhao and Mr. Zhong are subject to the approval by CBIRC Guizhou Office and they will take office since the date of such approval until the expiry of the term of the second session of the Board of the Bank. If Mr. Chen, Mr. Wang, Mr. Shi, Mr. Zhao and Mr. Zhong are appointed, they will not receive any remuneration from the Bank during their terms of office as non-executive Directors of the Bank.

5.1.2 Supervisors

The Board of Supervisors of the Bank consisted of nine Supervisors, including three employee Supervisors, namely Mr. XIAO Cifa (Chairman), Mr. WANG Changyi and Mr. LI Keyong, three shareholder Supervisors, namely Mr. YANG Jian, Mr. CHEN Hongcai and Ms. XU Yu and three external Supervisors, namely Mr. LIU Hanmin, Mr. CHEN Houyi and Mr. SU Zhi.

Name	Gender	Date of Birth	Date of appointment ⁽¹⁾	Position in the Bank
XIAO Cifa (肖慈發)	Male	June 1961	May 2018	Chairman of the Board of Supervisors, Employee Supervisor
WANG Changyi (王常懿)	Male	November 1976	May 2018	Employee Supervisor
LI Keyong (李克勇)	Male	April 1963	May 2018	Employee Supervisor
LIU Hanmin (劉漢民)	Male	November 1962	May 2018	External Supervisor
SU Zhi (蘇治)	Male	December 1977	May 2018	External Supervisor
CHEN Houyi (陳厚義) ⁽²⁾	Male	January 1956	May 2018	External Supervisor
YANG Jian (楊堅)	Male	November 1979	May 2020	Shareholder Supervisor
CHEN Hongcai (陳宏才)	Male	June 1966	May 2020	Shareholder Supervisor
XU Yu (徐妤)	Female	February 1984	May 2020	Shareholder Supervisor

Notes:

- (1) Refers to the date on which the appointment as a non-employee Supervisor was approved by the general meeting, or the election as an employee Supervisor was approved by the employee meeting.
- (2) Mr. Chen Houyi served as the external supervisor of the first session of the Board of Supervisors of the Bank from April 2017 to May 2018.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND ORGANIZATIONS

5.1.3 Senior management

The senior management of the Bank comprised a total of seven members, namely Mr. XU An (president of the Bank), Mr. LI Tao, Mr. CHAI Bolin, Mr. HU Liangpin, Ms. WU Fan, Mr. ZHOU Guichang and Mr. WANG Xiangdong.

Name	Gender	Date of Birth	Date of appointment ⁽¹⁾	Position in the Bank
XU An (許安)	Male	June 1963	January 2018	President of the Bank
LI Tao (李濤)	Male	January 1963	September 2018	Vice President of the Bank
CHAI Bolin (柴柏林)	Male	November 1961	April 2013	Vice President of the Bank
HU Liangpin (胡良品)	Male	September 1968	January 2018	Vice President of the Bank
WU Fan (吳帆)	Female	August 1968	April 2019	Vice President of the Bank
ZHOU Guichang (周貴昌)	Male	August 1974	April 2019	Secretary to the Board of the Bank
WANG Xiangdong(王向東)	Male	April 1963	December 2014	Chief Officer

Note:

(1) Refers to the date on which the Board approved the relevant resolutions of appointment.

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

5.2.1 Changes in Directors

On 16 March 2020, Mr. Yang Mingshang resigned as the non-executive Director and member of the Risk and Related Party Transactions Committee of the Bank due to work arrangement.

On 16 March 2020, Mr. Chen Yongjun resigned as the non-executive Director and member of Consumer Rights Protection and Social Responsibility Committee of the Bank due to work arrangement.

As recommended by the shareholders, Mr. Chen Jingde, Mr. Wang Zhiming, Mr. Shi Xianyin, Mr. Zhao Yong and Mr. Zhong Xueliang were nominated as candidates to the second session of the Board of the Bank, and their nominations have been considered and approved at the 2020 first meeting of the second session of the Board of the Bank and the 2019 annual general meeting held on 20 May 2020. The position qualifications of Mr. Chen, Mr. Wang, Mr. Shi, Mr. Zhao and Mr. Zhong are subject to the approval by CBIRC Guizhou Office and they will take office since the date of such approval until the expiry of the term of the second session of the Board of the Bank. If Mr. Chen, Mr. Wang, Mr. Shi, Mr. Zhao and Mr. Zhong are appointed, they will not receive any remuneration from the Bank during their terms of office as non-executive Directors of the Bank.

5.2.2 Changes in Supervisors

On 17 March 2020, Ms. Wu Qiangli resigned as a shareholder Supervisor of the Bank and a member of the Supervision Committee due to work adjustment, effective from the date of election and appointment of a new shareholder Supervisor at the 2019 annual general meeting held on 20 May 2020.

On 20 May 2020, upon shareholders' consideration and approval at the 2019 annual general meeting of the Bank, Mr. Yang Jian, Mr. Chen Hongcai and Ms. Xu Yu were elected as shareholder Supervisors of the Bank. Mr. Yang Jian, Mr. Chen Hongcai and Ms. Xu Yu will not receive any remuneration from the Bank during their terms of office as shareholder Supervisors of the Bank.

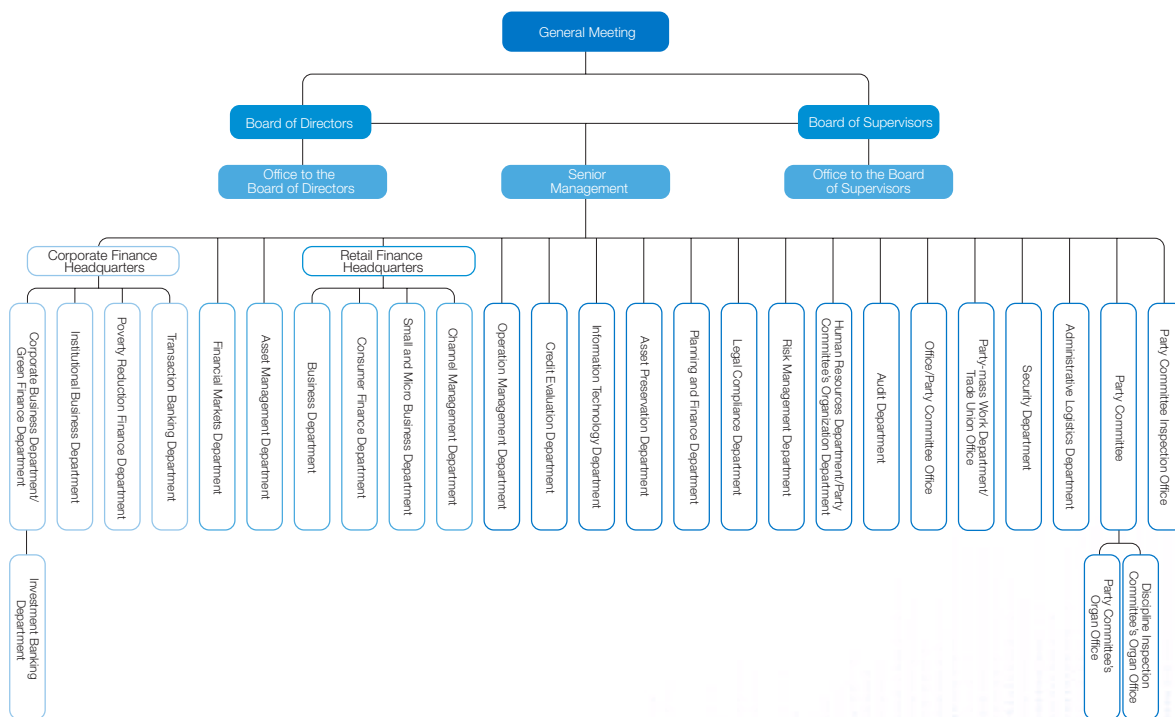
5.2.3 Changes in senior management

During the Reporting Period, there were no changes in the senior management of the Bank.

5.2.4 Changes in Information of Directors and Supervisors

Mr. LAW Cheuk Kin Stephen, an independent non-executive Director of the Bank, has been appointed as an independent director of the board of directors of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司) (a company listed on the Hong Kong Stock Exchange under the stock code 06881 and the Shanghai Stock Exchange under the stock code 601881) since 29 June 2020.

5.3 ORGANIZATIONAL STRUCTURE



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND ORGANIZATIONS

5.4 BASIC INFORMATION OF SUB-BRANCHES

As of the end of the Reporting Period, the Bank had 223 licensed institutions, including 1 head office, 8 branches, 208 traditional sub-branches, 5 community sub-branches and 1 branch business department. All branches and sub-branches of the Bank are located within Guizhou Province, and in 2016, we achieved full coverage of all counties in Guizhou Province. A list of branches and sub-branches of the Bank is detailed in the section titled “List of Branches and Sub-branches” below.

Region	Name of Organization (Headquarter and Branch)	Business Address (China)	Remarks
Guiyang, Guizhou Province	Headquarter	No. 41 Middle Ruijin Road, Yunyan District, Guiyang, Guizhou Province	Governing 55 licensed institutions in Guiyang
Zunyi, Guizhou Province	Zunyi Branch	Middle Section of Xiamen Road, Huichuan District, Zunyi, Guizhou Province	Governing 50 licensed institutions in Zunyi
Liupanshui, Guizhou Province	Liupanshui Branch	Baolong International Building, No.36 Zhongshan West Road, Liupanshui, Guizhou Province	Governing 22 licensed institutions in Liupanshui
Anshun, Guizhou Province	Anshun Branch	No.136 Xihang Road, Anshun, Guizhou Province	Governing 23 licensed institutions in Anshun
Bijie, Guizhou Province	Bijie Branch	Building A, Jinyuanda Times Plaza, Bailidujuan Road, Qixingguan District, Bijie, Guizhou Province	Governing 14 licensed institutions in Bijie
Tongren, Guizhou Province	Tongren Branch	Wing Building of Jinjiang Hotel, No.8 Jinjiang South Road, Tongren, Guizhou Province	Governing 13 licensed institutions in Tongren
Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	Qiandongnan Branch	1-3 Floor, Fengqiu Xintiandi, Yingbin Avenue, Kaili, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	Governing 19 licensed institutions in Qiandongnan
Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Qiannan Branch	Huaxin Building, No.62 Jianjiang Middle Road, Duyun, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Governing 17 licensed institutions in Qiannan
Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Qianxinan Branch	1-2 Floor, Aocheng Xiaoqu, Ruijin Avenue, Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Governing 10 licensed institutions in Qianxinan

5.5 INFORMATION OF EMPLOYEES

5.5.1 Composition of employees

As of the end of the Reporting Period, the Bank had 4,855 employees in total, the composition of whom is set out as follows:

I. By age:

As of the end of the Reporting Period, the Bank had 1,635 employees aged 30 or under, accounting for 33.68% of the total number of employees; 1,696 employees aged between 31 and 40, accounting for 34.93% of the total number of employees; 1,110 employees aged between 41 and 50, accounting for 22.86% of the total number of employees; and 414 employees aged over 50, accounting for 8.53% of the total number of employees.

II. By gender:

As of the end of the Reporting Period, the Bank have a total of 1,851 male employees, accounting for 38.12%, and 3,004 female employees, accounting for 61.88%.

III. By education:

Of whom: 3,932 employees with a bachelor degree or above, accounting for 80.99% of the total number of employees, and 923 employees with a college degree or below, accounting for 19.01% of the total number of employees.

In addition to the contracted employees, by the end of the Reporting Period, the Bank has 225 transferred employees.



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND ORGANIZATIONS

5.5.2 Employee training

During the Reporting Period, based on establishing the university for Bank of Guizhou, the Bank established first level supporting systems, including project system, course system, lecturer system and evaluation system. We, while improving the fundamental operation system, vigorously carried out construction of first level supporting system, forming a scientific training system with the characteristic of Bank of Guizhou.

During the Reporting Period, the Bank organized training projects through a combination of means including going out to learn and inviting guests, online and offline trainings, and internal trainings and external dispatches. Through organizing training projects under the Employee Professional Image Building Program of Bank of Guizhou, conducting studies and researches in advanced banks, participating in external forums and training classes and carrying out various forms such as centralized training on new businesses and products for employees, the Bank was committed to building a learning, innovative and service-oriented team. As of the end of the Reporting Period, the Bank organized more than 40 online education trainings in total, covering corporate business, small and micro business, transaction banking, risk and compliance and financial auditing, and more than 30,000 employees participated in such trainings.

5.5.3 Remuneration policy, employee remuneration and welfare

In accordance with the relevant laws and policies, the Board is responsible for reviewing of the remuneration management system and policies of the Bank, and is ultimately responsible for the remuneration management of the Bank. The Board of the Bank has established the Nomination and Remuneration Committee, which consists of four members and is chaired by an independent non-executive Director. The senior management of the Bank is responsible for organizing the implementation of the resolutions on remuneration management of the Board, and the human resources department is responsible for the implementation of specific matters.

The Bank has formulated the Administrative Measures on Remuneration of Bank of Guizhou, which specifies that the remuneration of employees of the Bank shall be determined based on the rank of employees and the grade of employees and professional skills, among which, the rank of employees shall be determined based on their position, their ability and quality and their performance contribution. The remuneration standards are adjusted according to the changes in employees' roles or positions. In accordance with the requirements of the Guidelines on the Supervision of Steady Remuneration of Commercial Banks, the Bank implements deferred payment of performance-based salary for employees in management sequence and risk-related positions, and manages them according to management authority classification.

According to the remuneration policy of the Bank, the Nomination and Remuneration Committee will consider factors such as comparable salaries paid, term, commitment, responsibilities and performance (as the case may be) of the Directors, Supervisors and senior management of the Bank when assessing the remuneration payable to the Directors, Supervisors and relevant employees of the Bank. The Bank has established a remuneration system based on the value of job contributions, and determined remuneration of employees based on their position and employee performance. We provide our employees with comprehensive social insurance and benefits. As of the end of the Reporting Period, there was no significant change in the Bank's remuneration policies. We currently do not have any long-term incentive scheme on remuneration.

CORPORATE GOVERNANCE REPORT

6.1 SUMMARY OF CORPORATE GOVERNANCE

The Bank is of the view that, the enhancement of corporate governance is currently an objective requirement of commercial banks to adapt to the regulatory rules, a significant measure to prevent operational risks, an inevitable requirement to consolidate the management foundation and a solid guarantee for the Bank to achieve quality development. During the Reporting Period, the Bank continued to improve the governance structure in accordance with the regulatory requirements of the Company Law of the People's Republic of China, the Hong Kong Listing Rules and the Guidance on Corporate Governance of Commercial Banks, and endeavored to improve the governance level to accelerate the building of a normalized, standardized and scientific corporate governance system, mainly based on the Measures for the Management of Corporate Governance, Supervision and Evaluation of Banking and Insurance Institutions issued by China Banking and Insurance Regulatory Commission. During the Reporting Period, the Bank has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules, and has adopted the majority of "recommended best practices" to promote the orderly implementation of the Bank's corporate governance.

6.2 GENERAL MEETINGS HELD

The Bank convened the 2019 annual general meeting on 20 May 2020, at which 18 resolutions, including the 2019 Work Report of the Board of Directors, the 2019 Work Report of the Board of Supervisors and the 2020 Financial Budget Plan, were considered and approved. On the same day, the first H Shareholders class meeting in 2020 and the first domestic Shareholders class meeting in 2020 were convened, at which the amendments to the Articles of Association of the Bank were considered and approved.

6.3 MEETINGS OF THE BOARD AND ITS SPECIAL COMMITTEES HELD

During the Reporting Period, the Board of the Bank held a total of 6 meetings, at which 51 resolutions were considered and 15 reports were reviewed, including the regular meeting held by the Board quarterly. The special committees under the Board held a total of 9 meetings, among which, the Audit Committee held 1 meeting at which 7 resolutions were considered; the Nomination and Remuneration Committee held 1 meeting at which 5 resolutions were considered; the Consumer Rights Protection and Social Responsibility Committee held a total of 2 meetings at which 3 resolutions were considered; the Risk and Related Party Transactions Management Committee held a total of 5 meetings at which 21 resolutions, 1 report and 2 matters of record were considered.

6.4 MEETINGS OF THE BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES HELD

During the Reporting Period, the Board of Supervisors held a total of 2 meetings, at which 52 resolutions were considered, 3 special supervisions were conducted and 11 special reports were reviewed. The special committees under the Board of Supervisors held a total of 4 meetings, the Nomination, Remuneration and Evaluation Committee held a total of 2 meetings at which 14 resolutions were considered and the Supervision Committee held a total of 2 meetings at which 17 resolutions were considered.

6.5 DEALING IN SECURITIES BY DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code and has complied with Rules 13.67 and 19A.07B of the Hong Kong Listing Rules to regulate the securities transactions of its directors and supervisors. All the Directors and Supervisors were consulted specifically for this matter, and all Directors and Supervisors have confirmed that they had complied with the Model Code and had no dealings in Shares of the Bank during the Reporting Period.



CORPORATE GOVERNANCE REPORT

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

As at 30 June 2020, 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 (I) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name	Position	Class of Shares held	Number of Shares held directly or indirectly	Nature of interest	Approximate percentage of the relevant class of share capital of the Bank	Approximate percentage of the total issued share capital of the Bank
XU An (許安)	Executive Director and President	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%
XIAO Cifa (肖慈發)	Chairman of the Board of Supervisors	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%
WANG Changyi (王常懿)	Supervisor	Domestic Shares	280,000	Beneficial Owner	0.002%	0.002%
LI Keyong (李克勇)	Supervisor	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%

Save as disclosed above, none of the Directors, Supervisors and chief executives of the Bank had any interests or short positions in any Shares, underlying shares or debentures of the Bank or any of its associated corporations as at 30 June 2020.

6.7 AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE RULES OF PROCEDURE FOR THE GENERAL MEETING AND THE BOARD

References are made to the announcement of the Bank dated 26 March 2020 and the circular of the Bank dated 29 April 2020 in relation to, among others, the amendments to the Articles of Association. The Board has considered and approved the amendments to the Articles of Association, based on the change of the Bank's registered capital and in accordance with the amendments to relevant laws, regulations and other regulatory documents. The amendments are subject to the approval of the CBIRC Guizhou Office, and the amended Articles of Association will come into force since the date of approval.

At the 2019 annual general meeting and the first H Shareholders class meeting in 2020, the Board had been approved to delegate the authority to the Chairman of the Board, who may in turn delegate the authority to other parties, to make appropriate adjustments and revisions to the amendments of the Articles of Association of the Bank this time in accordance with the requests and recommendations of the regulatory authorities including the CBIRC Guizhou Office.

MAJOR EVENTS

7.1 EARNINGS AND DIVIDENDS

The revenue of the Bank during the Reporting Period and the financial position of the Bank as at the same day were set out in the chapter titled “Financial Statements and Notes to the Unaudited Interim Financial Report” of this report.

As considered and approved at the 2019 annual general meeting of the Bank held on 20 May 2020, based on the share capital of 14,588,046,744 shares as at the end of 2019, the Bank distributed the final dividend for the year ended 31 December 2019 (the “Final Dividend for the Year 2019”) to all shareholders at 7% of the share capital, totaling RMB1,021,163,300 (tax inclusive) in cash. The Final Dividend for the Year 2019 has been distributed to holders of both H shares and domestic shares on 17 July 2020.

The Bank will not distribute any interim dividend for the six months ended 30 June 2020 and no common reserve fund will be converted to increase share capital.

7.2 USE OF PROCEEDS

On 30 December 2019, the Bank was listed on the Main Board of the Hong Kong Stock Exchange and issued 2.2 billion H Shares with total proceeds from the global offering amounting to HK\$5,456 million. The proceeds raised by the Bank in the global offering were fully used in accordance with the purposes disclosed in the prospectus, that is, to supplement the Bank’s capital, strengthen the capital base, and to support the sustainable, rapid and healthy development of the Bank’s businesses.

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

As of the end of the Reporting Period, the Bank, as the plaintiff, the arbitration applicant, has four pending litigation and arbitration cases with the principal balance of the subject matter in dispute at or above RMB10 million, involving a total principal balance of RMB314 million. The above pending litigations and arbitrations are all loan disputes or recovery loan disputes arising from banking business of the Bank, and as of the end of the Reporting Period, the bank does not expect that such litigation and arbitration (individually or jointly) will have a material adverse effect on the bank’s business, financial position and business performance.

As of the end of the Reporting Period, the Bank (as the defendant and the respondent) has no pending litigation or arbitration case with the amount of the subject matter in dispute at or above RMB10 million.

Save as disclosed above, as at the disclosure date of this report, the Bank had no material litigation, arbitration and major case, or material contingent liabilities.



MAJOR EVENTS

7.4 SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Related Party Transaction as Defined by the CBIRC

As at the end of the Reporting Period, the balance of related party transactions of the Bank as defined by the CBIRC is as follows:

1. Credit

No.	Name of related parties (related group consolidation)	Credit balance as at the end of the Reporting Period (RMB million)	Type of related party transactions	Percentage of net capital of the Bank
1	Gui'an New Area Development and Investment Co., Ltd	3,594.15	Loans and non-standard assets business	8.85%
2	Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.)	2,500.00	Loan	6.16%
3	China Kweichow Moutai Distillery (Group) Co., Ltd.	950.36	Loans, non-standard assets business and investment in bond funds	2.34%
4	Guizhou Water Investment Group Co., Ltd.	366.70	Loans, corporate bonds and forfeiting	0.90%
5	Zunyi State-owned Assets Investment and Financing Management Co., Ltd.	264.72	Loans and non-standard assets business	0.65%
6	All related natural persons	62.64	Loan	0.15%

2. Non-credit

No.	Name of customer	Customer Basic Information Type of business	Amount (RMB million)
1	Gui'an New Area Development and Investment Co., Ltd.	Wealth management investment: bond business, non-standard assets	2,718.00

During the Reporting Period, there were a total of 5 significant related party transactions between the Bank and related parties under the definition ascribed by the Bank and the CBIRC, and particulars of which are as follows:

1. As considered and approved by the 2020 first extraordinary meeting of the second session of the Board of the Bank, the Bank granted Guizhou Province Water Investment (Group) Co., Ltd. a credit of RMB3,224.250 million with defined term and interest rate, the overall pricing policy complying with the principle of the conditions no more favorable than similar transactions with non-related parties.
2. As considered and approved by the 2020 first extraordinary meeting of the second session of the Board of the Bank, the Bank invested its financial funds of RMB1.0 billion in the bonds of Gui'an New Area Development and Investment Co., Ltd. with a term of 5 years, the pricing policy: the market pricing mechanism. As at the end of the Reporting Period, the actual amount invested was RMB510 million.
3. As considered and approved by the 2020 second extraordinary meeting of the second session of the Board of the Bank, the Bank granted Gui'an New Area Development and Investment Co., Ltd. an additional credit of RMB291.00 million (pledged by Certificates of Deposit in full, falling a low-risk business) with a term of 1 year, the pricing policy: annual interest rate being fixed at 4.15% (approval of the current LPR).
4. As considered and approved by the 2020 second extraordinary meeting of the second session of the Board of the Bank, the Bank granted Gui'an New Area Development and Investment Co., Ltd. an additional refinancing credit of RMB400.00 million with a term of 1 year, the pricing policy: annual interest rate being fixed at 7.50% (approval of the current LPR+345 base points).
5. As considered and approved by the 2020 fourth extraordinary meeting of the second session of the Board of the Bank, the Bank invested its financial funds of RMB490.0 million in the bonds of Gui'an New Area Development and Investment Co., Ltd. with a term of 5 years, the pricing policy: the market pricing mechanism. As at the end of the Reporting Period, the actual amount invested was RMB250 million.

The above related party transactions are conducted under conditions not superior to similar transactions of non-related parties, with reasonable and fair pricing, and in line with relevant regulatory requirements and related party transaction management regulations of the Bank, and the credit granting process in line with internal control system requirements of the Bank. Related party transactions have no significant impact on the operation and financial status of the Bank.



MAJOR EVENTS

(ii) Connected Transactions as Defined in the Hong Kong Listing Rules

During the Reporting Period, the Bank did not engage in any connected transaction with connected parties defined in the Hong Kong Listing Rules which needs to be disclosed.

(iii) Related Party Transactions as Defined in Accounting Standards

For details, please refer to the “Related Party Relationships and Transactions” in the Note 35 to the Unaudited Interim Financial Report of this report.

7.5 PENALTIES AGAINST THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As far as the Bank is aware, during the Reporting Period, the Bank, our Directors, Supervisors and senior management were not investigated by the competent authority, enforced by the judicial disciplinary inspection department, transferred to the judicial authority or investigated for criminal responsibility, and none of them were filed by the Securities Regulatory Commission or administrative penalties, banned from the securities market, being deemed inappropriate, or being publicly condemned by the stock exchange. The Bank has not been penalized by other regulatory agencies that have a significant impact on the Bank's operations.

7.6 SIGNIFICANT CONTRACTS AND PERFORMANCE

7.6.1 Major contracts

During the Reporting Period, the Bank has no relevant major contracts or agreements.

7.6.2 Significant custody, contracting and lease

During the Reporting Period, the significant contracts signed by the Bank did not involve custody, contracting, or leasing of assets of other companies outside the normal business scope of the bank, or custody, contracting, or leasing of assets of the Bank by other companies.

7.7 SIGNIFICANT GUARANTEES AND COMMITMENTS

As of the end of the Reporting Period, the Bank's guarantee balance was RMB1.916 billion, representing an increase of RMB866 million or 82.56% over the end of last year; the letter of credit balance was RMB541 million.

The guarantee business is our daily business. During the Reporting Period, except financial guarantee services within the scope of business approved by the CBIRC, the Bank has no other significant guarantees which need to be disclosed.



7.8 SIGNIFICANT MATERIAL ASSET ACQUISITIONS, DISPOSAL AND CORPORATE MERGERS

During the Reporting Period, the Bank has no significant asset, acquisitions, disposal and corporate mergers.

7.9 SIGNIFICANT INVESTMENT

As of the end of the Reporting Period, the investment securities and other financial assets of the Bank were all financial markets businesses within the scope of operation approved by the CBIRC. The Bank has inspected the disclosure requirements for material investments as set out in Appendix 16 to the Hong Kong Listing Rules, and to the best knowledge of the Bank, there was no book value of any particular investment accounting for 5% or more of the Bank's total assets as of 30 June 2020.

During the Reporting Period, the Bank has no concrete plans for significant investment or acquisition of assets with significant capital or other business.

7.10 LOAN AGREEMENT

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

7.11 EQUITY INCENTIVE PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN

As of the end of the Reporting Period, the Bank has not implemented equity incentive plans or employee stock ownership plans.

7.12 PLEDGE OF ASSETS

As of the end of the Reporting Period, certain assets of the Bank have been pledged to banks and financial institutions as securities in accordance with repurchase agreements. For details, please refer to the "Pledged Assets" in the Note 22 to the Unaudited Interim Financial Report of this report.

7.13 APPOINTMENT AND DISMISSAL OF ACCOUNTANT

As considered and approved at the 2019 annual general meeting of the Bank convened on 20 May 2020, KPMG Huazhen LLP and KPMG were appointed as its domestic and oversea auditors for 2020, respectively, for a term of one year.

The Board of Directors and the Audit Committee thereunder are of the view that KPMG Huazhen LLP and KPMG can properly complete the work as required by the Bank, comply with the principles of independence, objectivity and impartiality, the relevant accounting principles and the ethics of accountants, and carefully and conscientiously handle the audit work.



MAJOR EVENTS

7.14 RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Bank earnestly implements various regulatory requirements in strict accordance with the working requirements of “establishing rules, serious implementation and supervision and strict accountability”. The Bank has built the publicity and education platform of compliance culture, broadened the publicity and education channels of compliance culture, effectively strengthened risk management and management on internal control, and maintained a trend of stringent case prevention; it continued to improve the risk management and internal control management structure, constantly improved the risk management and internal control management system, promoted compliance supervision and inspection work in an orderly manner, formulated the 2020 compliance inspection plan, and built a regular risk detection mechanism.

The Board of Directors believes that during the Reporting Period, the Bank has effectively implemented risk management and internal control and achieved the Bank's objectives, and no major defects are existed.

7.15 REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim financial statements disclosed in this interim report have not been audited by the auditors. Interim financial statements for the six months ended 30 June 2020 have been prepared by the Bank in accordance with disclosure requirements under the International Financial Reporting Standards and the Hong Kong Listing Rules and have been reviewed by KPMG based on the Hong Kong Standard on Review Engagements with unqualified review report being issued.

The 2020 interim report and 2020 interim financial statements of the Bank have been considered and approved by the Bank's Board and its audit committee.

7.16 PUBLICATION OF THE INTERIM REPORT

The interim report is prepared in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

The interim report is available on the respective websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank (www.bgzchina.com).

7.17 SUBSEQUENT EVENTS

On 24 August 2020, Mr. LU Lin submitted a report to the Board of the Bank to resign as the non-executive director and member of the Nomination and Remuneration Committee of the Bank due to his work arrangement. Mr. LU has confirmed that he has no disagreement with the Board and there are no other matters relating to his resignation that need to be brought to the attention of the Shareholders or creditors of the Bank. For details, please refer to the Bank's announcement headed “Resignation of Non-executive Director” dated 24 August 2020.

Save for the above, there were no other subsequent events of the Bank incurred subsequent to the end of the Reporting Period.



INDEPENDENT AUDITOR'S REVIEW REPORT

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

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 78 to 173 which comprises the statement of financial position of Bank of Guizhou Co., Ltd. (the "Bank") as at June 30, 2020, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

August 28, 2020



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2020 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended June 30, 2020	2019
Interest income		9,591,706	8,600,759
Interest expense		(4,712,101)	(3,963,277)
Net interest income	4	4,879,605	4,637,482
Fee and commission income		245,042	108,066
Fee and commission expense		(35,655)	(46,794)
Net fee and commission income	5	209,387	61,272
Net trading gains	6	48,175	125,808
Net gains arising from investment securities	7	397,072	208,184
Other operating income	8	46,293	12,475
Operating income		5,580,532	5,045,221
Operating expenses	9	(1,697,758)	(1,578,805)
Impairment losses on assets	10	(1,563,667)	(1,439,652)
Share of losses of associates		(15,009)	(4,164)
Profit before tax		2,304,098	2,022,600
Income tax	11	(375,132)	(232,863)
Net profit for the period		1,928,966	1,789,737

The notes on pages 86 to 173 form part of this interim financial report.

	Note	Six months ended June 30, 2020	2019
Net profit for the period		1,928,966	1,789,737
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	30(d)	(247,916)	70,828
– Financial assets at fair value through other comprehensive income:			
net movement in impairment losses, net of tax	30(e)	65,299	3,395
Item that will not be reclassified to profit or loss:			
– Remeasurement of net defined benefit liability, net of tax	30(f)	50	4,650
Other comprehensive income for the period		(182,567)	78,873
Total comprehensive income for the period		1,746,399	1,868,610
Basic and diluted earnings per share (<i>in RMB</i>)	12	0.13	0.14

The notes on pages 86 to 173 form part of this interim financial report.



STATEMENT OF FINANCIAL POSITION

as at June 30, 2020 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	At June 30, 2020	At December 31, 2019
Assets			
Cash and deposits with the central bank	13	51,129,241	64,150,807
Deposits with banks and other financial institutions	14	1,843,409	6,292,147
Financial assets held under resale agreements	15	8,981,947	9,923,576
Loans and advances to customers	16	189,992,655	173,349,699
Financial investments:	17		
– Financial investments at fair value through profit or loss		18,790,804	12,217,953
– Financial investments at fair value through other comprehensive income		46,998,969	30,011,934
– Financial investments at amortised cost		97,859,576	105,804,159
Interest in associates	18	60,297	75,306
Property and equipment	19	3,582,577	3,493,516
Deferred tax assets	20	3,358,684	2,776,187
Other assets	21	1,669,747	1,293,516
Total assets		424,267,906	409,388,800
Liabilities and equity			
Liabilities			
Borrowing from the central bank		10,753,211	2,623,420
Deposits from banks and other financial institutions	23	19,059,201	16,107,370
Placements from banks and other financial institutions	24	2,102,108	1,001,137
Financial assets sold under repurchase agreements	25	11,011,714	7,966,758
Deposits from customers	26	279,319,990	260,266,471
Income tax payable		445,575	121,580
Debt securities issued	27	62,996,141	84,122,732
Other liabilities	28	3,965,488	3,290,090
Total liabilities		389,653,428	375,499,558

The notes on pages 86 to 173 form part of this interim financial report.

	Note	At June 30, 2020	At December 31, 2019
Equity			
Share capital	29	14,588,047	14,588,047
Capital reserve	30(a)	8,840,110	8,840,110
Surplus reserve	30(b)	1,491,061	1,491,061
General reserve	30(c)	4,070,000	3,360,000
Fair value reserve	30(d)	(82,116)	165,800
Impairment reserve	30(e)	84,165	18,866
Deficit on remeasurement of net defined benefit liability	30(f)	(17,960)	(18,010)
Retained earnings	31	5,641,171	5,443,368
Total equity		<u>34,614,478</u>	<u>33,889,242</u>
Total liabilities and equity		<u>424,267,906</u>	<u>409,388,800</u>

Approved and authorised for issue by the board of directors on August 28, 2020.

Li Zhiming

*Chairman of the Board of
Directors*

Xu An

*President
Executive Director*

Zhou Guichang

*The Person In Charge of
Accounting Affairs*

Li Wangang

*General Manager of the
Planning and Finance
Department*

(Company stamp)

The notes on pages 86 to 173 form part of this interim financial report.



STATEMENT OF CHANGES IN EQUITY

for the six months ended June 30, 2020 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total
Balance at January 1, 2019		12,388,045	6,264,920	1,134,697	2,610,000	78,163	5,431	(8,460)	2,986,095	25,458,891
Changes in equity for the period:										
Net profit for the period		-	-	-	-	-	-	-	1,789,737	1,789,737
Other comprehensive income		-	-	-	-	70,828	3,395	4,650	-	78,873
Total comprehensive income		-	-	-	-	70,828	3,395	4,650	1,789,737	1,868,610
Capital contribution by equity shareholders	29	2	1	-	-	-	-	-	-	3
Appropriation of profit										
Appropriation to general reserve	31(a)	-	-	-	750,000	-	-	-	(750,000)	-
Balance at June 30, 2019		12,388,047	6,264,921	1,134,697	3,360,000	148,991	8,826	(3,810)	4,025,832	27,327,504

	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total
Balance at July 1, 2019		12,388,047	6,264,921	1,134,697	3,360,000	148,991	8,826	(3,810)	4,025,832	27,327,504
Changes in equity for the period:										
Net profit for the period		-	-	-	-	-	-	-	1,773,900	1,773,900
Other comprehensive income		-	-	-	-	16,809	10,040	(14,200)	-	12,649
Total comprehensive income		-	-	-	-	16,809	10,040	(14,200)	1,773,900	1,786,549
Capital contribution by equity shareholders	29	2,200,000	2,575,189	-	-	-	-	-	-	4,775,189
Appropriation of profit										
Appropriation to surplus reserve	31(a)	-	-	356,364	-	-	-	-	(356,364)	-
Balance at December 31, 2019		14,588,047	8,840,110	1,491,061	3,360,000	165,800	18,866	(18,010)	5,443,368	33,889,242

The notes on pages 86 to 173 form part of this interim financial report.

		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total
	<i>Note</i>									
Balance at January 1, 2020		14,588,047	8,840,110	1,491,061	3,360,000	165,800	18,866	(18,010)	5,443,368	33,889,242
Changes in equity for the period:										
Net profit for the period		-	-	-	-	-	-	-	1,928,966	1,928,966
Other comprehensive income		-	-	-	-	(247,916)	65,299	50	-	(182,567)
Total comprehensive income		-	-	-	-	(247,916)	65,299	50	1,928,966	1,746,399
Appropriation of profit										
Appropriation to general reserve	31(a)	-	-	-	710,000	-	-	-	(710,000)	-
Appropriation to shareholders	31(a)	-	-	-	-	-	-	-	(1,021,163)	(1,021,163)
Balance at June 30, 2020		14,588,047	8,840,110	1,491,061	4,070,000	(82,116)	84,165	(17,960)	5,641,171	34,614,478

The notes on pages 86 to 173 form part of this interim financial report.



CASH FLOW STATEMENT

for the six months ended June 30, 2020 – unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended June 30, 2020	2019
Cash flows from operating activities			
Profit before tax		2,304,098	2,022,600
Adjustments for:			
Impairment losses on assets		1,563,667	1,439,652
Depreciation and amortization		223,376	254,291
Depreciation of investment properties		685	5,206
Unrealized foreign exchange losses/(gains)		31,791	(181)
Net gains on disposal of property and equipment and other assets		(1,312)	(127)
Net trading gains		(79,966)	(125,627)
Net gains arising from investment securities		(397,072)	(208,184)
Share of losses of associates		15,009	4,164
Interest expense on debt securities issued		1,230,903	1,774,793
Interest expense on lease liabilities		16,707	12,282
Others		(20,518)	(19,787)
		<u>4,887,368</u>	<u>5,159,082</u>
<i>Changes in operating assets</i>			
Net decrease in deposits with the central bank		4,788,006	224,204
Net decrease/(increase) in deposits with banks and other financial institutions		698,342	(1,147,337)
Net increase in loans and advances to customers		(17,352,680)	(23,891,290)
Net (increase)/decrease in financial assets held for trading		(2,216,113)	840,371
Net increase in other operating assets		(150,399)	(59,901)
		<u>(14,232,844)</u>	<u>(24,033,953)</u>
<i>Changes in operating liabilities</i>			
Net increase/(decrease) in borrowing from the central bank		8,082,717	(61,873)
Net increase/(decrease) in deposits from banks and other financial institutions		2,870,472	(2,722,305)
Net increase in placements from banks and other financial institutions		1,100,000	100,000
Net increase in financial assets sold under repurchase agreements		3,047,800	136,300
Net increase in deposits from customers		18,899,072	27,028,404
Net decrease in other operating liabilities		(331,366)	(301,905)
		<u>33,668,695</u>	<u>24,178,621</u>

The notes on pages 86 to 173 form part of this interim financial report.

	Note	Six months ended June 30, 2020	2019
Net cash flows generated from operating activities before income tax paid		24,323,219	5,303,750
Income tax paid		(550,995)	(606,840)
Net cash flows generated from operating activities		23,772,224	4,696,910
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		24,319,285	10,207,919
Proceeds from disposal of property and equipment and other assets		36,751	15,813
Payments on acquisition of investments		(38,373,028)	(24,283,438)
Payments on acquisition of property and equipment, intangible assets and other assets		(203,727)	(293,945)
Net cash flows used in investing activities		(14,220,719)	(14,353,651)
Cash flows from financing activities			
Proceeds from capital contribution by equity shareholders		–	3
Proceeds from debt securities issued	34(c)	30,612,512	50,245,658
Repayment of debt securities issued	34(c)	(52,880,000)	(30,300,000)
Interest paid on debt securities issued	34(c)	(90,006)	(89,518)
Capital element of lease liabilities paid		(96,782)	(76,988)
Interest element of lease liabilities paid		(16,707)	(12,282)
Dividends paid		–	(27)
Net cash flows (used in)/generated from financing activities		(22,470,983)	19,766,846
Effect of foreign exchange rate changes on cash and cash equivalents		1,116	(44)
Net (decrease)/increase in cash and cash equivalents	34(a)	(12,918,362)	10,110,061
Cash and cash equivalents as at January 1		55,691,761	35,118,336
Cash and cash equivalents as at June 30	34(b)	42,773,399	45,228,397
Interest received		9,661,742	8,539,418
Interest paid (excluding interest expense on debt securities issued)		(3,200,190)	(2,155,553)

The notes on pages 86 to 173 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

The Bank was established in Guiyang, Guizhou Province, the People's Republic of China (the "PRC") on October 11, 2012 with the approval of the former China Banking Regulatory Commission (the former "CBRC").

The Bank obtained its financial institution license No. B1383H252010001 from the former CBRC and obtained its business license No. 915200000550280000 from the State Administration for Industry and Commerce of the PRC. The Bank is regulated by China Banking and Insurance Regulatory Commission (the "CBIRC") authorized by the State Council.

In December 2019, the Bank's H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 06199).

As at June 30, 2020, the Bank has one head office and 8 branches across Guizhou Province. The principal activities of the Bank are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the former CBRC.

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 (the "IASB"). It was authorized for issue on August 28, 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contains condensed 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 Bank since the 2019 annual financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.



2 BASIS OF PREPARATION (CONTINUED)

The financial information relating to the financial year ended December 31, 2019 that is included in the interim financial report as comparative information does not constitute the Bank's statutory annual financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICES

The Bank has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The above amendments do not have material effect on the financial position and financial performance of the Bank.

4 NET INTEREST INCOME

	Six months ended June 30,	
	2020	2019
Interest income arising from		
Deposits with the central bank	179,778	206,804
Deposits with banks and other financial institutions	36,077	62,952
Loans and advances to customers		
– Corporate loans and advances	4,881,182	4,046,586
– Personal loans and advances	722,485	604,622
– Discounted bills	105,164	63,360
Financial assets held under resale agreements	175,685	170,020
Financial investments	3,491,335	3,446,415
Sub-total	9,591,706	8,600,759
Interest expense arising from		
Borrowing from the central bank	(85,537)	(39,068)
Deposits from banks and other financial institutions	(292,185)	(126,342)
Placements from banks and other financial institutions	(33,846)	(873)
Financial assets sold under repurchase agreements	(32,374)	(74,702)
Deposits from customers	(3,037,256)	(1,947,499)
Debt securities issued	(1,230,903)	(1,774,793)
Sub-total	(4,712,101)	(3,963,277)
Net interest income	4,879,605	4,637,482

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

5 NET FEE AND COMMISSION INCOME

(a) Income and expense streams:

	Six months ended June 30,	
	2020	2019
Fee and commission income		
Agency services fees	118,998	62,998
Acceptance and guarantee services fees	56,027	16,353
Fund supervision services fees	29,949	—
Bank card services fees	23,800	13,279
Settlement and clearing fees	16,158	14,043
Consultancy services fees	110	1,393
	<hr/>	<hr/>
Sub-total	245,042	108,066
	<hr/>	<hr/>
Fee and commission expense		
Bank card services fees	(30,341)	(37,458)
Others	(5,314)	(9,336)
	<hr/>	<hr/>
Sub-total	(35,655)	(46,794)
	<hr/>	<hr/>
Net fee and commission income	209,387	61,272
	<hr/>	<hr/>

(b) Contract balances

The following table provides information about contract liabilities from contracts with customers.

	At June 30, 2020	At December 31, 2019
Contract liabilities, which are included in 'other liabilities'	85,251	705
	<hr/>	<hr/>

The contract liabilities primarily relate to the fees received from customers on fund supervision services. This is recognised as revenue over the period for which a customer is expected to continue receiving fund supervision services. The contract does not have a significant financing component.

6 NET TRADING GAINS

	Note	Six months ended June 30, 2020	2019
Net gains from debt securities	(a)	79,966	125,627
Net foreign exchange (losses)/gains	(b)	(31,791)	181
Total		48,175	125,808

- (a) 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.
- (b) Net foreign exchange (losses)/gains mainly include (losses)/gains from translation of foreign currency monetary assets and liabilities into Renminbi.

7 NET GAINS ARISING FROM INVESTMENT SECURITIES

	Note	Six months ended June 30, 2020	2019
Net gains of financial investments at fair value through profit or loss	(a)	161,410	158,959
Net gains of financial investments at fair value through other comprehensive income		93,901	49,225
Net gains on disposal of financial investments at amortised cost		141,761	—
Total		397,072	208,184

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

8 OTHER OPERATING INCOME

		Six months ended June 30,	
	Note	2020	2019
Government grants	(a)	39,917	9,963
Rental income		3,401	1,568
Penalty income		1,561	390
Net gains/(losses) on disposal of property and equipment		1,312	(22)
Net gains on disposal of repossessed assets		—	149
Others		102	427
Total		46,293	12,475

- (a) Government grants recognised as other operating income are awarded to the Bank by the local government as incentives primarily to encourage the development of the Bank and the contribution to the local economic development. The government grants are one-off according to its balances of loan and advances to small and medium sized enterprises and agricultural enterprises in Guizhou Province.

9 OPERATING EXPENSES

	Six months ended June 30,	
	2020	2019
Staff costs	1,113,537	957,437
Office expenses	166,907	157,207
Depreciation and amortization	140,912	149,392
Taxes and surcharges	86,901	73,384
Depreciation charge for the right-of-use assets	83,149	104,899
Interest expense on lease liabilities	16,707	12,282
Rental and property management expenses	10,484	3,672
Other general and administrative expenses	79,161	120,532
Total	1,697,758	1,578,805

10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended June 30,	
	2020	2019
Loans and advances to customers	740,318	811,056
Financial investments	836,366	137,660
Deposits with banks and other financial institutions	(274)	147,943
Credit commitments	(22,962)	302,798
Financial assets held under resale agreements	—	(469)
Others	10,219	40,664
Total	<u>1,563,667</u>	<u>1,439,652</u>

11 INCOME TAX EXPENSE

(a) Income tax:

		Six months ended June 30,	
	Note	2020	2019
Current tax		874,990	522,098
Deferred tax	20(b)	<u>(499,858)</u>	<u>(289,235)</u>
Total		<u>375,132</u>	<u>232,863</u>

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

		Six months ended June 30,	
	Note	2020	2019
Profit before tax		<u>2,304,098</u>	<u>2,022,600</u>
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		<u>576,025</u>	<u>505,650</u>
Non-deductible expenses		35,775	13,060
Non-taxable income	(i)	<u>(236,668)</u>	<u>(285,847)</u>
Income tax		<u>375,132</u>	<u>232,863</u>

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

12 BASIC AND DILUTED EARNINGS PER SHARE

	Note	Six months ended June 30, 2020	2019
Net profit for the period		1,928,966	1,789,737
Weighted average number of ordinary shares (in thousands)	(i)	14,588,047	12,388,046
Basic and diluted earnings per share (in RMB)		0.13	0.14

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

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

	Six months ended June 30, 2020	2019
Number of ordinary shares as at January 1	14,588,047	12,388,045
New added weighted average number of ordinary shares	—	1
Weighted average number of ordinary shares	14,588,047	12,388,046

13 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	At June 30, 2020	At December 31, 2019
Cash on hand		847,488	527,850
Deposits with the central bank			
– Statutory deposit reserves	(a)	19,044,768	23,841,935
– Surplus deposit reserves	(b)	31,164,775	39,711,745
– Fiscal deposits		63,387	54,226
Sub-total		50,272,930	63,607,906
Accrued interest		8,823	15,051
Total		51,129,241	64,150,807

13 CASH AND DEPOSITS WITH THE CENTRAL BANK (CONTINUED)

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at June 30, 2020 and December 31, 2019, the statutory deposit reserve ratios applicable to the Bank were as follows:

	At June 30, 2020	At December 31, 2019
Reserve ratio for RMB deposits	7.0%	9.5%
Reserve ratio for foreign currency deposits	5.0%	5.0%

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

14 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparties

	At June 30, 2020	At December 31, 2019
Deposits in mainland China		
– Banks	1,928,069	1,502,259
– Other financial institutions	37,411	54,564
Sub-total	1,965,480	1,556,823
Deposits outside mainland China		
– Banks	29,901	4,887,100
Total	1,995,381	6,443,923
Accrued interest	539	1,009
Less: Provision for impairment losses	(152,511)	(152,785)
Net carrying amount	1,843,409	6,292,147



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

15 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	At June 30, 2020	At December 31, 2019
In mainland China		
– Banks	8,977,650	9,918,480
Total	8,977,650	9,918,480
Accrued interest	4,297	5,096
Total	8,981,947	9,923,576

(b) Analysed by type of collateral held

	At June 30, 2020	At December 31, 2019
Debt securities	8,977,650	9,918,480
Accrued interest	4,297	5,096
Net carrying amount	8,981,947	9,923,576

16 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At June 30, 2020	At December 31, 2019
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	161,453,255	146,645,349
Personal loans		
– Residential mortgage	16,186,808	14,048,634
– Personal business loans	9,773,855	10,115,646
– Personal consumption loans	940,123	1,261,060
– Credit cards	499,490	342,223
Sub-total	27,400,276	25,767,563
Accrued interest	406,761	398,707
Less: provision for loans and advances to customers measured at amortised cost	(7,628,695)	(6,916,728)
Sub-total	181,631,597	165,894,891
Loans and advances to customers measured at fair value through other comprehensive income		
Corporate loans and advances	2,228,406	1,538,422
Discounted bills	6,132,652	5,916,386
Sub-total	8,361,058	7,454,808
Net loans and advances to customers	189,992,655	173,349,699



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by industry sector

As at June 30, 2020

	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	78,859,018	39.99%	29,424,659
Water resources, environment and public facilities management	14,412,583	7.31%	3,436,739
Construction	12,274,712	6.22%	5,475,684
Real estate	10,853,918	5.50%	7,024,079
Wholesale and retail trade	9,335,814	4.73%	1,140,421
Education	9,049,591	4.59%	561,980
Transportation, storage and postal services	6,195,163	3.14%	3,021,417
Mining	5,594,867	2.84%	1,838,648
Manufacturing	4,630,271	2.35%	712,350
Health and social work	4,002,477	2.03%	895,920
Production and supply of electric power, gas and water	2,720,090	1.38%	314,500
Agriculture, forestry, animal husbandry and fishery	2,170,431	1.10%	139,990
Accommodation and catering	835,820	0.42%	158,643
Resident services, repair and other services	787,691	0.40%	145,350
Finance	785,769	0.40%	4,676
Others	1,173,446	0.60%	102,450
Sub-total of corporate loans and advances	163,681,661	83.00%	54,397,506
Personal loans	27,400,276	13.89%	19,985,399
Discounted bills	6,132,652	3.11%	—
Gross loans and advances to customers (excluding accrued interest)	197,214,589	100.00%	74,382,905

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by industry sector (Continued)

As at December 31, 2019

	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	75,142,675	41.78%	29,459,229
Water resources, environment and public facilities management	13,032,016	7.25%	3,498,085
Construction	10,708,470	5.95%	5,735,601
Education	9,018,121	5.01%	547,990
Real estate	7,970,217	4.43%	5,730,922
Wholesale and retail trade	6,623,282	3.68%	974,640
Transportation, storage and postal services	5,844,251	3.25%	3,260,713
Mining	4,735,748	2.63%	1,809,107
Manufacturing	3,338,550	1.86%	564,600
Health and social work	3,258,891	1.81%	734,070
Production and supply of electric power, gas and water	2,684,131	1.49%	305,000
Agriculture, forestry, animal husbandry and fishery	1,708,863	0.95%	189,690
Accommodation and catering	1,531,296	0.85%	152,047
Resident services, repair and other services	645,439	0.36%	226,450
Culture, sports and entertainment	563,810	0.31%	51,920
Others	1,378,011	0.77%	36,770
Sub-total of corporate loans and advances	148,183,771	82.38%	53,276,834
Personal loans	25,767,563	14.33%	17,747,906
Discounted bills	5,916,386	3.29%	—
Gross loans and advances to customers (excluding accrued interest)	179,867,720	100.00%	71,024,740



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by type of collateral

	At June 30, 2020	At December 31, 2019
Unsecured loans	21,813,938	19,624,801
Guaranteed loans	101,017,746	89,218,179
Collateralised loans	36,679,797	33,151,268
Pledged loans	37,703,108	37,873,472
Gross loans and advances to customers	197,214,589	179,867,720
Accrued interest	406,761	398,707
Less: provision for loans and advances to customers measured at amortised cost	(7,628,695)	(6,916,728)
Net loans and advances to customers	189,992,655	173,349,699

(d) Overdue loans analysed by overdue period

	As at June 30, 2020				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	14,706	17,547	2,933	1,665	36,851
Guaranteed loans	602,502	123,975	29,038	28,171	783,686
Collateralised loans	282,481	457,999	160,031	72,629	973,140
Pledged loans	26,500	359,800	47,440	4,381	438,121
Total	926,189	959,321	239,442	106,846	2,231,798
As a percentage of gross loans and advances to customers	0.47%	0.49%	0.12%	0.05%	1.13%

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	At December 31, 2019				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	7,871	1,919	3,189	1,094	14,073
Guaranteed loans	25,741	41,513	57,835	19,993	145,082
Collateralised loans	393,979	101,950	262,687	21,491	780,107
Pledged loans	–	397,712	78,429	4,381	480,522
Total	427,591	543,094	402,140	46,959	1,419,784
As a percentage of gross loans and advances to customers	0.24%	0.30%	0.22%	0.03%	0.79%

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

(e) Loans and advances and provision for impairment losses

	As at June 30, 2020			
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit- impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	Total
Total loans and advances to customers measured at amortised cost	184,896,128	1,633,326	2,324,077	188,853,531
Accrued interest	406,761	–	–	406,761
Less: provision for impairment losses	(5,523,919)	(531,026)	(1,573,750)	(7,628,695)
Carrying amount of loans and advances to customers measured at amortised cost	179,778,970	1,102,300	750,327	181,631,597
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	8,361,058	–	–	8,361,058
Total carrying amount of loans and advances to customers	188,140,028	1,102,300	750,327	189,992,655

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advances and provision for impairment losses (Continued)

	At December 31, 2019			
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit- impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	Total
Total loans and advances to customers measured at amortised cost	168,935,340	1,299,227	2,178,345	172,412,912
Accrued interest	398,707	–	–	398,707
Less: provision for impairment losses	(4,993,932)	(458,988)	(1,463,808)	(6,916,728)
Carrying amount of loans and advances to customers measured at amortised cost	164,340,115	840,239	714,537	165,894,891
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	7,454,808	–	–	7,454,808
Total carrying amount of loans and advances to customers	171,794,923	840,239	714,537	173,349,699

Note:

- (i) The loans and advances are “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract, such as a default or delinquency in interest or principal payments; for economic or contractual reasons relating to the borrower’s financial difficulty, the Bank having granted to the borrower a concession that otherwise would not consider; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or debts overdue more than 90 days.

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses

(i) *Movements of provision for impairment losses measured at amortised cost:*

	Six months ended June 30, 2020			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	4,993,932	458,988	1,463,808	6,916,728
Transferred:				
– to expected credit losses over the next 12 months	92,371	(91,061)	(1,310)	–
– to lifetime expected credit losses: not credit-impaired loans	(25,137)	26,185	(1,048)	–
– to lifetime expected credit losses: credit-impaired loans	(8,373)	(3,990)	12,363	–
Charge for the period	471,126	140,904	127,583	739,613
Write-offs	–	–	(114,440)	(114,440)
Recoveries	–	–	107,312	107,312
Others	–	–	(20,518)	(20,518)
As at June 30	5,523,919	531,026	1,573,750	7,628,695

	Year ended December 31, 2019			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	3,371,865	318,046	952,122	4,642,033
Transferred:				
– to expected credit losses over the next 12 months	1,168	(386)	(782)	–
– to lifetime expected credit losses: not credit-impaired loans	(9,975)	9,975	–	–
– to lifetime expected credit losses: credit-impaired loans	(11,919)	(86,746)	98,665	–
Charge for the year	1,642,793	218,099	148,159	2,009,051
Write-offs	–	–	(92,254)	(92,254)
Transfer out	–	–	(324,366)	(324,366)
Recoveries	–	–	748,476	748,476
Others	–	–	(66,212)	(66,212)
As at December 31	4,993,932	458,988	1,463,808	6,916,728



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

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

	Six months ended June 30, 2020			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
As at January 1	3,501	—	—	3,501
Charge for the period	705	—	—	705
As at June 30	4,206	—	—	4,206

	Year ended December 31, 2019			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
As at January 1	405	—	—	405
Charge for the year	3,096	—	—	3,096
As at December 31	3,501	—	—	3,501

17 FINANCIAL INVESTMENTS

	Note	At June 30, 2020	At December 31, 2019
Financial investments at fair value through profit or loss	(a)	18,790,804	12,217,953
Financial investments at fair value through other comprehensive income	(b)	46,998,969	30,011,934
Financial investments at amortised cost	(c)	97,859,576	105,804,159
Total		163,649,349	148,034,046

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

	Note	At June 30, 2020	At December 31, 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		804,900	104,580
– Policy banks		3,158,275	1,711,141
– Banks and other financial institutions		1,282,737	1,136,965
– Corporate		104,493	101,640
Sub-total		5,350,405	3,054,326
Listed		104,493	101,640
Unlisted		5,245,912	2,952,686
Wealth management products issued by financial institutions			
– Unlisted		101,844	1,250,215
Investment funds managed by mutual fund managers			
– Unlisted		13,338,555	7,913,412
Total		18,790,804	12,217,953

Note:

- (i) Certain debt securities were pledged for repurchase agreements (Note 22(a)). No other investments were subject to material restrictions in the realization.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

17 FINANCIAL INVESTMENTS (CONTINUED)

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

	Note	At June 30, 2020	At December 31, 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		5,489,985	3,574,330
– Policy banks		20,900,256	12,416,743
– Banks and other financial institutions		131,474	1,476,882
– Corporate		18,082,923	10,986,530
Sub-total		44,604,638	28,454,485
Listed		11,554,670	6,344,034
Unlisted		33,049,968	22,110,451
Asset-backed securities			
– Listed		795,572	790,000
Structured notes issued by securities companies			
– Unlisted		599,531	–
Equity investments	(ii)		
– Unlisted		37,750	37,750
Accrued interest		961,478	729,699
Total		46,998,969	30,011,934

Notes:

- (i) Certain debt securities were pledged for repurchase agreements (Note 22(a)). No other investment were subject to material restrictions in the realization.
- (ii) The Bank designates non-trading equity investments as financial investments at fair value through other comprehensive income. The Bank did not dispose of any such equity investment, nor transfer any cumulative gain or loss from other comprehensive income to retained earnings during the reporting period.

17 FINANCIAL INVESTMENTS (CONTINUED)

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

- (iii) Movements of provision for impairment of financial investments at fair value through other comprehensive income are as follows:

	Six months ended June 30, 2020			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
Balance at January 1	8,170	7,195	–	15,365
Transferred:				
– to lifetime expected credit losses not credit-impaired	(98)	98	–	–
Charge for the period	4,387	60,207	–	64,594
Balance at June 30	12,459	67,500	–	79,959

	Year ended December 31, 2019			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
Balance at January 1	5,026	–	–	5,026
Transferred:				
– to lifetime expected credit losses not credit-impaired	(121)	121	–	–
Charge for the year	3,265	7,074	–	10,339
Balance at December 31	8,170	7,195	–	15,365



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

17 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost

	Note	At June 30, 2020	At December 31, 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		34,962,529	39,231,278
– Policy banks		4,832,427	5,628,442
– Corporate		769,958	919,854
Sub-total		40,564,914	45,779,574
Listed		500,000	500,000
Unlisted		40,064,914	45,279,574
Investment management products managed by trust plans		10,125,990	10,157,024
Investment management products managed by asset management companies		48,380,514	50,046,590
Private debt financing plans		815,913	815,913
Sub-total		59,322,417	61,019,527
Accrued interest		746,080	1,007,121
Less: Provision for impairment losses	(ii)	(2,773,835)	(2,002,063)
Total		97,859,576	105,804,159

Notes:

- (i) Certain debt securities were pledged for repurchase agreements and borrowing from the central bank (Note 22(a)). No other investments were subject to material restrictions in the realization.

17 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost (Continued)

(ii) Movements of provision for impairment of financial investments at amortised cost are as follows:

	Six months ended June 30, 2020			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
Balance at January 1	1,245,698	5,748	750,617	2,002,063
Transferred:				
– to lifetime expected credit losses not credit-impaired	(6,144)	6,144	–	–
– to lifetime expected credit losses credit-impaired	–	(1,362)	1,362	–
Charge for the period	654,694	76,483	40,595	771,772
Balance at June 30	1,894,248	87,013	792,574	2,773,835

	Year ended December 31, 2019			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
Balance at January 1	799,882	–	984,546	1,784,428
Transferred:				
– to lifetime expected credit losses not credit-impaired	(1,298)	1,298	–	–
Charge for the year	447,114	4,450	366,153	817,717
Transfer out	–	–	(600,082)	(600,082)
Balance at December 31	1,245,698	5,748	750,617	2,002,063



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

18 INTEREST IN ASSOCIATES

	Note	At June 30, 2020	At December 31, 2019
Interest in associates	(a)	60,297	75,306

Note:

- (a) The following list contains the Bank's associates, all of which are individually immaterial to the Bank and are unlisted corporate entities whose quoted market price is not available.

Name	Note	At June 30, 2020	At December 31, 2019	Place of incorporation/ registration	Business sector
Guiyang Baiyun Dexin Rural Bank Co., Ltd. (貴陽白雲德信村鎮銀行股份有限公司)		20%	20%	Guiyang Guizhou Province	Commercial bank
Qingzhen Xingbang Rural Bank Co., Ltd. (清鎮興邦村鎮銀行有限責任公司)	(i)	15%	15%	Guiyang Guizhou Province	Commercial bank
Zunyi Bozhou Huilong Town Bank Co., Ltd. (遵義播州匯隆村鎮銀行有限責任公司)		20%	20%	Zunyi Guizhou Province	Commercial bank
Suiyang Qianbei Town Bank Co., Ltd. (綏陽黔北村鎮銀行有限責任公司)		20%	20%	Zunyi Guizhou Province	Commercial bank
Zunyi Huichuan Qianxing Town Bank Co., Ltd. (遵義匯川黔興村鎮銀行有限責任公司)		20%	20%	Zunyi Guizhou Province	Commercial bank
Liupanshui Zhongshan Liangdu Town Bank Co., Ltd. (六盤水鐘山涼都村鎮銀行股份有限公司)		20%	20%	Liupanshui Guizhou Province	Commercial bank
Panzhou Wanhe Rural Bank Co., Ltd. (盤州萬和村鎮銀行有限責任公司)		20%	20%	Liupanshui Guizhou Province	Commercial bank
Pingba Dingli Rural Bank Co., Ltd. (平壩鼎立村鎮銀行有限責任公司)		20%	20%	Anshun Guizhou Province	Commercial bank
Anshun Xihang Nanma Rural Bank Co., Ltd. (安順西航南馬村鎮銀行有限責任公司)	(i)	15%	15%	Anshun Guizhou Province	Commercial bank
Longli County Guofeng Rural Bank Co., Ltd. (龍裡國豐村鎮銀行有限責任公司)		20%	20%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Duyun Rongtong Town Bank Co., Ltd. (都勻融通村鎮銀行有限責任公司)		20%	20%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Tongren Fengyuan Town Bank Co., Ltd. (銅仁豐源村鎮銀行有限責任公司)		20%	20%	Tongren Guizhou Province	Commercial bank
Kaili Dongnan Town Bank Co., Ltd. (凱里東南村鎮銀行有限責任公司)		20%	20%	Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	Commercial bank

18 INTEREST IN ASSOCIATES (CONTINUED)

Note:

- (i) At June 30, 2020, the Bank held 15% interest each in Qingzhen Xingbang Rural Bank Co., Ltd. and Anshun Xihang Nanma Rural Bank Co., Ltd. and was the largest shareholder of these rural banks. Meanwhile, the Bank appointed directors to these rural banks, which exerted significant influence on these rural banks.

The following tables illustrate the aggregate information of the Bank's associates that are not individually material:

	At June 30, 2020	At December 31, 2019
Aggregate carrying amount of individually immaterial associates in the statements of financial position of the Bank	60,297	75,306
Declaration of cash dividends	—	—
Aggregate amounts of the Bank's share of results of those associates		
– Losses from continuing operations	(15,009)	(19,258)
– Other comprehensive income	—	—
– Total comprehensive income	(15,009)	(19,258)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

19 PROPERTY AND EQUIPMENT

	Premises	Vehicles	Electronic equipment and others	Construction in process	Total
Cost					
As at January 1, 2019	1,970,942	86,303	556,407	1,665,274	4,278,926
Additions	9,632	585	28,956	420,993	460,166
Disposals	–	(2,089)	(52,464)	(14,368)	(68,921)
Transfer out	(21,669)	–	–	(25,559)	(47,228)
As at December 31, 2019	1,958,905	84,799	532,899	2,046,340	4,622,943
Additions	12,894	–	10,767	177,192	200,853
Disposals	–	(11,065)	(19,316)	–	(30,381)
Transfer out	–	–	–	(34,126)	(34,126)
As at June 30, 2020	1,971,799	73,734	524,350	2,189,406	4,759,289
Accumulated depreciation					
As at January 1, 2019	(532,730)	(66,789)	(386,038)	–	(985,557)
Charge for the year	(94,657)	(6,712)	(89,211)	–	(190,580)
Disposals	–	2,026	38,523	–	40,549
Transfer out	6,161	–	–	–	6,161
As at December 31, 2019	(621,226)	(71,475)	(436,726)	–	(1,129,427)
Charge for the period	(46,910)	(2,256)	(27,187)	–	(76,353)
Disposals	–	10,708	18,360	–	29,068
As at June 30, 2020	(668,136)	(63,023)	(445,553)	–	(1,176,712)
Net book value					
As at June 30, 2020	1,303,663	10,711	78,797	2,189,406	3,582,577
As at December 31, 2019	1,337,679	13,324	96,173	2,046,340	3,493,516

19 PROPERTY AND EQUIPMENT (CONTINUED)

At June 30, 2020, the net book value of premises of which title deeds were not yet finalized was RMB286.58 million (December 31, 2019: RMB294.34 million). The Bank is still in the progress of applying the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds. The carrying value of the Bank's premises is analysed based on the remaining terms of the land leases as follows:

	At June 30, 2020	At December 31, 2019
Held in mainland China		
– Medium-term leases (10–50 years)	494,433	507,335
– Long-term leases (over 50 years)	809,230	830,344
Total	1,303,663	1,337,679

20 DEFERRED TAX ASSETS

(a) Analysed by nature

	At June 30, 2020		At December 31, 2019	
	Deductible temporary differences	Deferred income tax assets	Deductible/(taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets/(liabilities)				
– Allowance for impairment losses	12,209,904	3,052,476	10,842,456	2,710,614
– Accrued staff costs	1,086,948	271,737	586,052	146,513
– Supplemental retirement benefits	44,972	11,243	46,280	11,570
– Fair value changes of financial assets	34,488	8,622	(396,088)	(99,022)
– Others	58,424	14,606	26,048	6,512
Net balances	13,434,736	3,358,684	11,104,748	2,776,187



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

20 DEFERRED TAX ASSETS (CONTINUED)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff costs	Supplemental retirement benefits	Change in fair value	Others	Net balance of deferred tax assets
January 1, 2019	2,370,327	159,059	30,166	(50,751)	6,510	2,515,311
Recognised in profit or loss	340,287	(12,546)	(18,596)	(19,059)	2	290,088
Recognised in other comprehensive income	—	—	—	(29,212)	—	(29,212)
December 31, 2019	2,710,614	146,513	11,570	(99,022)	6,512	2,776,187
Recognised in profit or loss	341,862	125,224	(327)	25,005	8,094	499,858
Recognised in other comprehensive income	—	—	—	82,639	—	82,639
June 30, 2020	3,052,476	271,737	11,243	8,622	14,606	3,358,684

21 OTHER ASSETS

	Note	At June 30, 2020	At December 31, 2019
Right-of-use assets	(a)	527,525	581,824
Prepayment		333,913	14,834
Intangible assets	(b)	184,724	187,505
Repossessed assets		157,882	165,522
Deferred expenses		143,820	200,971
Fiscal receivables		98,540	—
Payment and collection clearance accounts		47,585	—
Interests receivable	(c)	31,404	7,840
Investment properties	(d)	17,952	18,637
Other receivables		126,402	116,383
Total		1,669,747	1,293,516

21 OTHER ASSETS (CONTINUED)

(a) Right-of-use assets

	Property
Cost	
As at January 1, 2019	567,936
Additions	165,927
	<hr/>
As at December 31, 2019	733,863
Additions	28,850
Disposals	(8,722)
	<hr/>
As at June 30, 2020	753,991
	<hr style="border-top: 1px dashed;"/>
Accumulated depreciation	
As at January 1, 2019	—
Additions	(152,039)
	<hr/>
As at December 31, 2019	(152,039)
Additions	(83,149)
Disposals	8,722
	<hr/>
As at June 30, 2020	(226,466)
	<hr style="border-top: 1px dashed;"/>
Net book value	
As at June 30, 2020	527,525
	<hr style="border-top: 3px double;"/>
As at December 31, 2019	581,824
	<hr style="border-top: 3px double;"/>



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

21 OTHER ASSETS (CONTINUED)

(b) Intangible assets

	Computer software	Land use rights	Total
Cost:			
As at January 1, 2019	248,008	112,117	360,125
Additions	10,480	–	10,480
Disposals	(50,518)	–	(50,518)
As at December 31, 2019	207,970	112,117	320,087
Additions	11,082	–	11,082
As at June 30, 2020	219,052	112,117	331,169
Accumulated amortization:			
As at January 1, 2019	(134,558)	(18,646)	(153,204)
Additions	(25,789)	(2,866)	(28,655)
Disposals	49,277	–	49,277
As at December 31, 2019	(111,070)	(21,512)	(132,582)
Additions	(12,430)	(1,433)	(13,863)
As at June 30, 2020	(123,500)	(22,945)	(146,445)
Book value:			
As at June 30, 2020	95,552	89,172	184,724
As at December 31, 2019	96,900	90,605	187,505

21 OTHER ASSETS (CONTINUED)

(c) Interests receivable

	At June 30, 2020	At December 31, 2019
Loans and advances to customers	31,404	7,840

As at June 30, 2020 and December 31, 2019, interests receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(d) Investment properties

Investment properties

Cost:

As at January 1, 2019	6,570
Transfer in	21,669
As at December 31, 2019 and June 30, 2020	28,239

Accumulated depreciation:

As at January 1, 2019	(2,071)
Additions	(1,370)
Transfer in	(6,161)
As at December 31, 2019	(9,602)
Additions	(685)
As at June 30, 2020	(10,287)

Book value:

As at June 30, 2020	17,952
As at December 31, 2019	18,637



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

22 PLEDGED ASSETS

(a) Assets pledged as collateral

	At June 30, 2020	At December 31, 2019
Borrowing from the central bank:		
– Loans and advances to customers measured at fair value through other comprehensive income	4,000	172,000
– Financial investments measured at amortised cost	7,411,111	–
For repurchase agreements:		
– Financial investments measured at fair value through profit or loss	565,000	515,000
– Financial investments measured at fair value through other comprehensive income	8,661,400	5,981,200
– Financial investments measured at amortised cost	1,782,600	1,465,000
Total	18,424,111	8,133,200

Financial assets pledged by the Bank as collateral for liabilities are mainly debt securities for repurchase agreements and borrowing from the central bank.

(b) Pledged assets received

The Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at June 30, 2020, the carrying amount of the received pledged assets was RMB9,393.31 million (December 31, 2019: RMB10,297.00 million).

23 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type of and location of counterparty

	At June 30, 2020	At December 31, 2019
Deposits in mainland China		
– Banks	11,134,154	8,169,450
– Other financial institutions	7,736,658	7,830,890
Sub-total	18,870,812	16,000,340
Accrued interest	188,389	107,030
Total	19,059,201	16,107,370

24 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	At June 30, 2020	At December 31, 2019
In mainland China		
– Banks	2,100,000	1,000,000
Accrued interest	2,108	1,137
Total	2,102,108	1,001,137

25 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	At June 30, 2020	At December 31, 2019
In mainland China		
– Banks	11,009,000	7,961,200
Sub-total	11,009,000	7,961,200
Accrued interest	2,714	5,558
Total	11,011,714	7,966,758

(b) Analysed by type of collateral held

	At June 30, 2020	At December 31, 2019
Debt securities	11,009,000	7,961,200
Sub-total	11,009,000	7,961,200
Accrued interest	2,714	5,558
Total	11,011,714	7,966,758



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

26 DEPOSITS FROM CUSTOMERS

	At June 30, 2020	At December 31, 2019
Demand deposits		
– Corporate customers	106,804,745	104,078,285
– Individual customers	30,947,905	27,395,695
Sub-total	137,752,650	131,473,980
Time deposits		
– Corporate customers	64,344,436	50,867,873
– Individual customers	65,978,346	54,222,582
Sub-total	130,322,782	105,090,455
Pledged deposits	9,176,521	21,737,166
Fiscal deposits	48,021	5,343
Inward and outward remittances	38,421	132,379
Sub-total	277,338,395	258,439,323
Accrued interest	1,981,595	1,827,148
Total	279,319,990	260,266,471

27 DEBT SECURITIES ISSUED

	Note	At June 30, 2020	At December 31, 2019
Interbank deposits issued	(a)	55,051,059	76,260,934
Financial bonds issued	(b)	4,998,336	4,997,577
Tier-two capital bonds issued	(c)	2,793,165	2,792,446
Accrued interest		153,581	71,775
Total		62,996,141	84,122,732

Notes:

(a) Interbank deposits issued

- (i) In 2019, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB80,180.00 million and duration between 9 to 12 months. The effective interest rates ranged from 2.73% to 3.86% per annum.
- (ii) In 2020, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB31,410.00 million and duration between 9 to 12 months. The effective interest rates ranged from 1.90% to 3.17% per annum.
- (iii) As at June 30, 2020, the fair value of outstanding interbank deposits amounted to RMB55,076.32 million (December 31, 2019: RMB79,137.95 million).

(b) Financial bonds issued

- (i) In November 2018, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB3,000.00 million. The coupon interest rate per annum is 4.03%.
- (ii) In December 2018, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB2,000.00 million. The coupon interest rate per annum is 4.00%.
- (iii) As at June 30, 2020, the fair value of outstanding financial bonds amounted to RMB5,176.41 million (December 31, 2019: RMB5,046.48 million).

(c) Tier-two capital bonds issued

- (i) In June 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,800.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.00%.
- (ii) In December 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,000.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.50%.
- (iii) As at June 30, 2020, the fair value of outstanding tier-two capital bonds amounted to RMB2,897.03 million (December 31, 2019: RMB2,886.70 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

28 OTHER LIABILITIES

	Note	At June 30, 2020	At December 31, 2019
Accrued staff cost	(a)	1,279,768	1,219,842
Dividend payable		1,069,439	48,276
Lease liabilities		499,001	566,933
Provisions	(b)	288,361	311,323
Other tax payable		211,620	201,126
Payment and collection clearance accounts		149,718	619,942
Contract liabilities		85,251	705
Other payables		382,330	321,943
Total		3,965,488	3,290,090

(a) Accrued staff cost

	At June 30, 2020	At December 31, 2019
Salaries bonuses and allowances payable	1,104,871	1,033,782
Social insurance and annuity payable	39,472	60,830
Employee education expenses and labour union expenses payable	38,552	27,000
Supplementary retirement benefits payable	96,873	98,230
Total	1,279,768	1,219,842

Supplementary retirement benefits

The supplementary retirement benefits of the Bank include early retirement plan and supplementary retirement plan. The early retirement benefits is provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Bank's eligible employees.

28 OTHER LIABILITIES (CONTINUED)

(a) Accrued staff cost (continued)

Supplementary retirement benefits (continued)

(i) The balances of supplementary retirement benefits of the Bank are as follows:

	At June 30, 2020	At December 31, 2019
Present value of early retirement plan	12,170	13,740
Present value of supplementary retirement benefits	84,703	84,490
Total	96,873	98,230

(ii) The movements of supplementary retirement benefits of the Bank are as follows:

	At June 30, 2020	At December 31, 2019
As at January 1	98,230	163,040
Benefits paid during the period/the year	(39,343)	(153,756)
Defined benefit cost recognised in profit or loss	38,036	79,396
Defined benefit cost recognised in other comprehensive income	(50)	9,550
As at June 30/December 31	96,873	98,230



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

28 OTHER LIABILITIES (CONTINUED)

(a) Accrued staff cost (continued)

Supplementary retirement benefits (continued)

(iii) Principal actuarial assumptions of the Bank are as follows:

Early retirement plan

	At June 30, 2020	At December 31, 2019
Discount rate	3.00%	3.00%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%

Supplementary retirement plan

	At June 30, 2020	At December 31, 2019
Discount rate	3.50%	3.50%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%

28 OTHER LIABILITIES (CONTINUED)

(b) Provisions

	<i>Note</i>	At June 30, 2020	At December 31, 2019
Provision for credit commitments	(i)	288,361	311,323

(i) Movements of provisions for credit commitments are as follows:

	Six months ended June 30, 2020			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	249,873	61,338	112	311,323
Transferred:				
– to expected credit losses over the next 12 months	120	(11)	(109)	–
– to lifetime expected credit losses: not credit-impaired loans	(13)	13	–	–
Charge/(release) for the period	27,386	(50,551)	203	(22,962)
As at June 30	277,366	10,789	206	288,361

	Year ended December 31, 2019			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	160,246	9,453	5,449	175,148
Charge/(release) for the year	89,627	51,885	(5,337)	136,175
As at December 31	249,873	61,338	112	311,323



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

29 SHARE CAPITAL

Authorised and issued share capital

	At June 30, 2020	At December 31, 2019
Ordinary shares in Mainland China	12,388,047	12,388,047
Ordinary shares listed in Hong Kong (H-share)	2,200,000	2,200,000
Total	14,588,047	14,588,047

In accordance with the Approval from Guizhou Bureau of the former CBRC on the Capital Contribution Plan of Bank of Guizhou Co., Ltd. (《貴州銀監局關於貴州銀行股份有限公司第三次增資擴股方案的批復》) (黔銀監復[2017] 300號), the Bank has received cash injection from the investors amounting to RMB3,173.60 to subscribe 1,511.23 shares in 2019.

On December 30, 2019, the Bank issued 2,200.00 million H Shares with a par value of RMB1.00 at an offering price of HKD2.48 per share (the "H-share offering").

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.



30 RESERVES

(a) Capital reserve

	At June 30, 2020	At December 31, 2019
Share premium	8,840,110	8,840,110

As stated in Note 29, the Bank issued H shares with a par value of RMB1.00 at an offering price of HKD2.48 per share in 2019. The premium arising from the issuance of new shares amounting to RMB2,575.19 million was recorded in capital reserve.

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Articles 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 until the balance reaches 50% of its registered capital.

The Bank may also appropriate discretionary surplus reserve 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, the Bank is required to set aside a general reserve through 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 Renminbi, unless otherwise stated)

30 RESERVES (CONTINUED)

(d) Fair value reserve

	At June 30, 2020	At December 31, 2019
As at January 1	165,800	78,163
Changes in fair value recognised in other comprehensive income	(306,408)	164,165
Transfer to profit or loss upon disposal	(24,147)	(47,316)
Less: deferred tax	82,639	(29,212)
As at June 30/December 31	(82,116)	165,800

(e) Impairment reserve

	At June 30, 2020	At December 31, 2019
As at January 1	18,866	5,431
Impairment losses recognised in other comprehensive income	65,299	13,435
As at June 30/December 31	84,165	18,866

(f) Deficit on remeasurement of net defined benefit liability

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	At June 30, 2020	At December 31, 2019
As at January 1	(18,010)	(8,460)
Changes recognised in other comprehensive income	50	(9,550)
As at June 30/December 31	(17,960)	(18,010)

31 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Annual General Meeting held on May 20, 2020, the shareholders approved the following profit appropriations for the year ended December 31, 2019:

- Appropriation of statutory surplus reserve amounted to RMB356.36 million;
- Appropriation of general reserve amounted to RMB710.00 million; and
- Declaration of cash dividend of RMB0.7 per 10 shares before tax and in an aggregation amount of RMB1,021.16 million to all existing shareholders.

In accordance with the resolution of the Bank's Annual General Meeting on March 26, 2019, the shareholders approved the following profit appropriations for the year ended December 31, 2018:

- Appropriation of statutory surplus reserve amounted to RMB288.28 million; and
- Appropriation of general reserve amounted to RMB750.00 million.

32 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

The Bank 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 the investment management products under trust schemes, investment management products managed by securities companies 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

32 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

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

The following table sets out an analysis of the carrying amounts of interests held by the Bank in unconsolidated structured entities, as well as an analysis of the line items in the statements of financial position in which relevant assets are recognised at June 30, 2020 and December 31, 2019:

	At June 30, 2020		At December 31, 2019	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	13,440,399	13,440,399	9,163,627	9,163,627
Financial investments at fair value through other comprehensive income	795,572	795,572	790,000	790,000
Financial investments at amortised cost	55,810,070	55,810,070	58,274,551	58,274,551
Total	70,046,041	70,046,041	68,228,178	68,228,178

At June 30, 2020 and December 31, 2019, the carrying amounts of the unconsolidated structured entities are equal to the maximum exposures.

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

The types of unconsolidated structured entities sponsored by the Bank 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 Bank includes investments in units issued by these structured entities and fees charged by providing management services. At June 30, 2020 and December 31, 2019, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised are not material in the statements of financial positions.

At June 30, 2020, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Bank was RMB21,014.17 million (December 31, 2019: RMB14,976.19 million).

32 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(c) Unconsolidated structures entities sponsored by the Bank during the years which the Bank does not have an interest in as at June 30:

For the period ended June 30, 2020, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Bank after January 1, but matured before June 30 amounted to RMB1,348.35 million (for the period ended June 30, 2019: RMB921.88 million).

33 CAPITAL MANAGEMENT

The Bank'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 Bank calculates the capital adequacy ratio in accordance with guidelines issued by the former CBRC. The capital of the Bank 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 Bank'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 Bank 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 Bank 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 treatment 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 of the Bank illustrated below are computed based on the Bank's statutory financial statements prepared in accordance with the PRC GAAP.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

33 CAPITAL MANAGEMENT (CONTINUED)

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

	At June 30, 2020	At December 31, 2019
Total core tier-one capital		
– Share capital	14,588,047	14,588,047
– Qualifying portion of capital reserve	8,824,199	9,006,766
– Surplus reserve	1,491,061	1,491,061
– General reserve	4,070,000	3,360,000
– Retained earnings	5,641,171	5,443,368
Core tier-one capital	34,614,478	33,889,242
Core tier-one capital deductions	(155,849)	(172,206)
Net core tier-one capital	34,458,629	33,717,036
Net tier-one capital	34,458,629	33,717,036
Tier-two capital		
– Instruments issued and share premium	2,793,165	2,792,446
– Surplus provision for loan impairment	3,357,911	3,095,651
Net tier-two capital	6,151,076	5,888,097
Net capital base	40,609,705	39,605,133
Total risk weighted assets	295,630,617	274,014,084
Core tier-one capital adequacy ratio	11.66%	12.30%
Tier-one capital adequacy ratio	11.66%	12.30%
Capital adequacy ratio	13.74%	14.45%

34 NOTES TO THE CASH FLOW STATEMENTS

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

	At June 30, 2020	At December 31, 2019
Cash and cash equivalents as at June 30/December 31	42,773,399	55,691,761
Less: Cash and cash equivalents as at January 1	(55,691,761)	(35,118,336)
Net (decrease)/increase in cash and cash equivalents	(12,918,362)	20,573,425

(b) Cash and cash equivalents

	At June 30, 2020	At December 31, 2019
Cash on hand	847,488	527,850
Deposits with central bank other than restricted deposits	31,164,775	39,711,745
Deposits with banks and other financial institutions	1,783,486	5,533,686
Financial assets held under resale agreements	8,977,650	9,918,480
Total	42,773,399	55,691,761



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

34 NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank'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 Bank's cash flow statement as cash flows from financing activities.

	Debt securities issued (Note 27)	
	At June 30, 2020	At December 31, 2019
As at January 1	84,122,732	78,282,412
Changes from financing cash flows:		
Net proceeds from new debt securities issued	30,612,512	77,617,229
Repayment of debt securities issued	(52,880,000)	(74,890,000)
Interest paid on debt securities issued	(90,006)	(345,430)
Total changes from financing cash flows	(22,357,494)	2,381,799
Other change		
Interest expense (Note 4)	1,230,903	3,458,521
Total other change	1,230,903	3,458,521
As at June 30/December 31	62,996,141	84,122,732

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Bank

(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:

	Note	At June 30, 2020	At December 31, 2019
Guizhou Provincial Financial Bureau (貴州省財政廳)		13.15%	13.15%
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團) 有限責任公司)		12.00%	12.00%
Gui An New District Development and Investment Co., Ltd. (貴安新區開發 投資有限公司)		7.20%	7.20%
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理 有限責任公司)		4.93%	4.93%
Shenzhen Expressway Company Limited (深圳高速公路股份有限公司)		2.92%	2.92%
Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司)	(i)	2.06%	2.06%

Notes:

(i) The director appointed by Guizhou Expressway Group Company Limited resigned on March 26, 2019.

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(a) Related parties of the Bank (continued)

(ii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 18.

(iii) 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 subsidiary) 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 June 30, 2020	2019
Transactions during the period		
Interest income	22,134	23,268
Interest expense	111,582	48,145
	At June 30, 2020	At December 31, 2019
Balances at end of the period/the year		
Loans and advances to customers	1,092,768	501,130
Financial investments	194,467	99,049
Deposits from customers	6,077,924	1,177,922

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

(ii) Transactions between the Bank and other related parties:

	Six months ended June 30, 2020	2019
Transactions during the period		
Interest income	180,210	145,716
Interest expense	751,318	107,244
	At June 30, 2020	At December 31, 2019
Balances at end of the period/the year		
Loans and advances to customers	2,794,301	90,688
Financial investments	100,629	297,080
Deposits from customers	28,143,015	681,420
Deposits from banks and other financial institutions	7,604,510	7,119,756
Bank acceptances	339,658	23,000

(iii) Other transaction

In 2017, the Bank invested a total of RMB8,990.00 million in a fund managed by a subsidiary of the Bank's major shareholder, Gui An New District Development and Investment Co., Ltd.. As at June 30, 2020, the outstanding balance of this financial investment was RMB8,990.00 million (December 31, 2019: RMB8,990.00 million). This fund's repayment will be arranged through Gui An New District Development and Investment Co., Ltd.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, 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 Bank, directly or indirectly, including members of the board of directors, the supervisory board and executive officers.

(i) Transactions between the Bank and key management personnel

	Six months ended June 30, 2020	2019
Transactions during the period		
Interest income	—	123
Interest expense	81	49
	At June 30, 2020	At December 31, 2019
Balances at end of the period/the year		
Loans and advances to customers	—	451
Deposits from customers	11,835	5,161

(ii) Key management personnel compensation

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

	Six months ended June 30, 2020	2019
Key management personnel compensation during the period	11,183	8,091

(d) Loans and advances to directors, supervisors and officers

	At June 30, 2020	At December 31, 2019
Aggregate amount of relevant loans outstanding at the end of the period/the year	—	451
Maximum aggregate amount of relevant loans outstanding during the period/the year	—	1,618

There was no amount due but unpaid, nor any impairment provision made against the principal or interest on these loans at June 30, 2020 (December 31, 2019: nil).

36 SEGMENT REPORTING

The Bank manages its business by business lines. Consistent with the way in which information is reported internally to the Bank's most senior executive management for the purposes of resource allocation and performance assessment, the Bank 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, deposit taking activities, agency services, wealth management services, consultancy services, settlement and clearing services and acceptance and guarantee services.

Retail banking

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

Financial markets

This segment covers the Bank's financial markets business operations. The financial markets business enters into 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 Bank'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 Bank'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-bank balances and intra-bank transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting periods to acquire property and equipment, intangible assets and other long-term assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

36 SEGMENT REPORTING (CONTINUED)

	Six months ended June 30, 2020				
	Corporate banking	Retail banking	Financial markets	Others	Total
Operating income					
External net interest income/(expense)	5,055,493	(551,142)	375,254	–	4,879,605
Internal net interest (expense)/income	(1,980,798)	1,543,721	437,077	–	–
Net interest income	3,074,695	992,579	812,331	–	4,879,605
Net fee and commission income	159,322	5,933	44,132	–	209,387
Net trading gains	–	–	48,175	–	48,175
Net gains arising from investment securities	–	–	397,072	–	397,072
Other operating income	41,984	–	–	4,309	46,293
Operating income	3,276,001	998,512	1,301,710	4,309	5,580,532
Operating expenses	(974,535)	(314,352)	(385,605)	(23,266)	(1,697,758)
Impairment losses on assets	(897,434)	(302,093)	(362,084)	(2,056)	(1,563,667)
Share of losses of associates	–	–	–	(15,009)	(15,009)
Profit/(loss) before tax	1,404,032	382,067	554,021	(36,022)	2,304,098
Other segment information					
– Depreciation and amortization	128,257	43,047	52,757	–	224,061
– Capital expenditure	116,617	39,141	47,969	–	203,727

	At June 30, 2020				
	Corporate banking	Retail banking	Financial markets	Others	Total
Segment assets	247,278,171	45,591,288	127,049,497	990,266	420,909,222
Deferred tax assets	–	–	–	3,358,684	3,358,684
Total assets	247,278,171	45,591,288	127,049,497	4,348,950	424,267,906
Segment liabilities	188,968,132	98,586,505	100,062,772	2,036,019	389,653,428
Total liabilities	188,968,132	98,586,505	100,062,772	2,036,019	389,653,428

36 SEGMENT REPORTING (CONTINUED)

	Six months ended June 30, 2019				Total
	Corporate banking	Retail banking	Financial markets	Others	
Operating income					
External net interest income/(expense)	5,246,718	(200,462)	(408,774)	–	4,637,482
Internal net interest (expense)/income	(1,719,576)	778,252	941,324	–	–
Net interest income	3,527,142	577,790	532,550	–	4,637,482
Net fee and commission income/(expense)	35,354	(12,494)	38,412	–	61,272
Net trading gains	–	–	125,808	–	125,808
Net gains arising from investment securities	–	–	208,184	–	208,184
Other operating income	10,185	–	–	2,290	12,475
Operating income	3,572,681	565,296	904,954	2,290	5,045,221
Operating expenses	(965,640)	(290,408)	(315,761)	(6,996)	(1,578,805)
Impairment losses on assets	(1,278,341)	4,332	(145,305)	(20,338)	(1,439,652)
Share of losses of associates	–	–	–	(4,164)	(4,164)
Profit/(loss) before tax	1,328,700	279,220	443,888	(29,208)	2,022,600
Other segment information					
– Depreciation and amortization	155,369	50,535	53,593	–	259,497
– Capital expenditure	175,993	57,243	60,709	–	293,945
	At June 30, 2019				Total
	Corporate banking	Retail banking	Financial markets	Others	
Segment assets	233,086,958	38,748,957	114,215,761	789,754	386,841,430
Deferred tax assets	–	–	–	2,780,936	2,780,936
Total assets	233,086,958	38,748,957	114,215,761	3,570,690	389,622,366
Segment liabilities	178,201,486	75,703,403	107,649,294	740,679	362,294,862
Total liabilities	178,201,486	75,703,403	107,649,294	740,679	362,294,862



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT

The Bank 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 Bank's exposure to each of the above risks and their sources, and the Bank's objectives, policies and procedures for measuring and managing these risks.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and internal controls, and to monitor risks and adherence to limits. Risk management policies and relevant internal control systems are reviewed regularly in order to adapt to the changes in market conditions and the Bank's operating activities. The internal audit department of the Bank undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(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 Bank. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors formulates the Bank's risk management strategy and acceptable overall risk level, supervises the Bank's risk control, conducts regular assessments of risk status and risk management strategies, and advises on improving the Bank's internal controls related to risk management. The Bank's functional departments engaging in credit risk management mainly include Credit Review Department and Risk Management Department, as well as Corporate Business Department, Small and Micro Business Department and Personal Business Department. Risk Management Department is responsible for the overall promotion of the comprehensive risk management system and risk monitoring and management, immediately alerting any negative events that may affect the borrower's ability to repay, and taking countermeasures to prevent and control risks, and is also responsible for the establishment of relevant risk management policies. Credit Review Department is independent of Customer Relationship and Product Management Department so as to ensure the independence of credit extension review. The front line departments such as Corporate Business Department, Small and Micro business department and Personal Business department, perform continuous monitoring and post-loan management regarding credit extension programs. The front-line departments such as branches and business divisions, carry out credit business in accordance with the Bank's risk management policies and procedures.

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

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Credit business (Continued)

For corporate and institutional businesses, the Bank has established industry-specific limits for credit approval. With respect to pre-lending evaluations, the Bank 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 Bank 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 Bank monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Bank starts the recovery process according to standardized loan recovery procedures.

Stages of risks in financial instrument

The financial assets are categorized by the Bank into the following stages to manage its financial assets' credit risk:

Stage 1

Financial assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

Stage 2

Financial assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3

Financial assets that are in default and considered credit-impaired.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Significant increase in credit risk

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

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

The Bank uses watch lists to monitor credit risk of financial assets 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 June 30, 2020, the Bank has not considered that any of its financial assets 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.



37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Definition of “default” and “credit-impaired assets”

At each reporting date, the Bank assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for a security because of financial difficulties of the issuer; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Bank 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 Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECL")

The Bank adopts ECL model to measures provision for loss of financial assets based on the stages categorised above.

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 borrower 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 Bank 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 Bank. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Bank determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Bank 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 Bank can calculate the ECL 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.



37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECL") (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 financial assets with instalment repayments and bullet repayment, the Bank determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.
- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method, and obtained from multiplying the nominal amount of the off-balance sheet items on the balance sheet date by the credit conversion factor (CCF).
- The Bank 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 financial assets classified as guarantees, the Bank determines 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 credit-based financial assets, the Bank usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, exposure at default and loss given default.

The Bank 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.

As at June 30, 2020, there has been no significant changes in the estimate techniques and key assumptions of the Bank.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

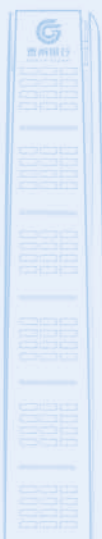
Measurement of expected credit losses ("ECL") (Continued)

Forward-looking information included in the expected credit loss model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Bank identified critical economic indicators that affect the credit risk and ECL of all asset portfolios, including gross domestic product (GDP), consumer price index (CPI), and growth rate of RMB loans, etc. The Bank identified the relations between these economic indicators and the probability of default historically by conducting regression analysis, and identified the expected probability of default by predicting the future economic indicators.
- When judging whether there is significant increase in credit risk, the Bank multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios, and considers the qualitative and maximum indicators. The Bank measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.
- Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Bank believes that these forecasts reflect the Bank's best estimate of possible outcomes.
- Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact, and the expected credit losses were not adjusted accordingly. The Bank reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

(i) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each of the reporting period.



37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECL") (Continued)

(ii) *Financial assets analysed by credit quality are summarized as follows:*

	At June 30, 2020			
	Loans and advances	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (*)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	447,559	–	–	–
– Neither overdue nor credit-impaired	192,809,627	1,843,311	8,977,650	160,988,441
Sub-total	193,257,186	1,843,311	8,977,650	160,988,441
Balance of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	228,748	–	–	–
– Neither overdue nor credit-impaired	1,404,578	–	–	2,751,224
Sub-total	1,633,326	–	–	2,751,224
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	1,555,490	–	–	909,713
– Credit-impaired but not overdue	768,587	152,070	–	66,248
Sub-total	2,324,077	152,070	–	975,961
Accrued interest	406,761	539	4,297	1,707,558
Less: Provision for impairment losses	(7,628,695)	(152,511)	–	(2,773,835)
Net value	189,992,655	1,843,409	8,981,947	163,649,349

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECL") (Continued)

(ii) Financial assets analysed by credit quality are summarized as follows: (continued)

	At December 31, 2019			
	Loans and advances	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (*)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	13,748	–	–	–
– Neither overdue nor credit-impaired	176,376,400	6,292,598	9,918,480	147,204,096
Sub-total	176,390,148	6,292,598	9,918,480	147,204,096
Balance of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	27,827	–	–	–
– Neither overdue nor credit-impaired	1,271,400	–	–	185,480
Sub-total	1,299,227	–	–	185,480
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	1,378,209	–	–	867,800
– Credit-impaired but not overdue	800,136	151,325	–	41,913
Sub-total	2,178,345	151,325	–	909,713
Accrued interest	398,707	1,009	5,096	1,736,820
Less: Provision for impairment losses	(6,916,728)	(152,785)	–	(2,002,063)
Net value	173,349,699	6,292,147	9,923,576	148,034,046

* Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.

37 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECL") (Continued)

(ii) Financial assets analysed by credit quality are summarized as follows: (continued)

As at June 30, 2020, the fair value of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime expected credit losses amounted to RMB531.80 million (December 31, 2019: RMB246.98 million), and the fair value of collaterals held against loans and advances that are credit-impaired and assessed for lifetime expected credit losses amounted to RMB560.17 million (December 31, 2019: RMB580.64 million). The collaterals mainly include land, 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.

(iii) Rescheduled loans and advances to customers

As at June 30, 2020, the Bank has rescheduled loans and advances to customers amounted to RMB1,812.64 million (December 31, 2019: RMB1,809.90 million).

(iv) Credit rating

The Bank 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 analysed by the rating agency designations as at June 30, 2020 and December 31, 2019 are as follows:

	At June 30, 2020	At December 31, 2019
Neither overdue nor impaired		
<i>Ratings</i>		
– AAA	27,091,468	31,698,133
– AA- to AA+	7,265,588	7,727,471
Sub-total	34,357,056	39,425,604
Unrated	56,162,901	37,862,781
Total	90,519,957	77,288,385



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk of loss, in respect of the Bank'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 Bank's market risk management to ensure that the Bank effectively identifies, measures, monitors and controls various market risks faced by each business. The Risk Management Committee is responsible for monitoring market risk management within the authorised scope of the Board of Directors, reviewing the strategies, policies and procedures regarding market risk management, and recommendations for acceptable level of market risk proposed by senior management. The market risk faced by the Bank's business operations and development are mostly concentrated in the treasury operations. The Financial Markets Department is responsible for fund investment and proprietary trading. The Planning and Financial Department is responsible for the daily monitoring and management of interest rate risk under the bank accounts; and the Trade Finance Department is responsible for the daily monitoring and management of exchange rate risk. The Risk Management Department is responsible for drafting basic policies and procedures for market risk management, as well as identifying, measuring and monitoring the Bank's market risk.

The major source of market risk of the Bank is the asset and liability businesses involved in market operation and the risks in interest rate and exchange rate of products.

Interest rate risk

The Bank 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 bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Bank's income or its inherent economic value to vary with the movement in interest rates.

The Planning and Financial Department is responsible for the measurement, monitoring and management of interest rate risk. In respect of measuring and managing risks, the Bank regularly assesses the impact of interest rate sensitivity repricing gaps and interest rate changes on the Bank's net interest income and economic value. The main purpose of interest rate risk management is to reduce the potential negative impact of interest rate changes on net interest income and economic value.

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk (Continued)

Trading interest rate risk

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

- (i) The following tables indicate the assets and liabilities as at June 30, 2020 and December 31, 2019 by the expected next repricing dates or by maturity dates, depending on which is earlier:

	At June 30, 2020					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	51,129,241	856,311	50,272,930	–	–	–
Deposits with banks and other financial institutions	1,843,409	539	1,783,486	59,384	–	–
Financial assets held under resale agreements	8,981,947	4,297	8,977,650	–	–	–
Loans and advances to customers (Note (i))	189,992,655	406,761	85,477,337	45,900,617	13,223,650	44,984,290
Financial investments (Note (ii))	163,649,349	1,745,308	13,664,065	24,396,720	60,458,351	63,384,905
Others	8,671,305	8,671,305	–	–	–	–
	<u>424,267,906</u>	<u>11,684,521</u>	<u>160,175,468</u>	<u>70,356,721</u>	<u>73,682,001</u>	<u>108,369,195</u>
Liabilities						
Borrowing from the central bank	(10,753,211)	(49,134)	–	(10,704,077)	–	–
Deposits from banks and other financial institutions	(19,059,201)	(188,389)	(9,775,812)	(9,095,000)	–	–
Placements from banks and other financial institutions	(2,102,108)	(2,108)	–	(100,000)	(2,000,000)	–
Financial assets sold under repurchase agreements	(11,011,714)	(2,714)	(11,009,000)	–	–	–
Deposits from customers	(279,319,990)	(2,068,037)	(153,592,515)	(50,469,101)	(73,165,760)	(24,577)
Debt securities issued	(62,996,141)	(153,581)	(16,641,327)	(38,409,732)	(4,998,336)	(2,793,165)
Others	(4,411,063)	(4,411,063)	–	–	–	–
	<u>(389,653,428)</u>	<u>(6,875,026)</u>	<u>(191,018,654)</u>	<u>(108,777,910)</u>	<u>(80,164,096)</u>	<u>(2,817,742)</u>
Total liabilities						
	<u>(389,653,428)</u>	<u>(6,875,026)</u>	<u>(191,018,654)</u>	<u>(108,777,910)</u>	<u>(80,164,096)</u>	<u>(2,817,742)</u>
Asset-liability gap						
	34,614,478	4,809,495	(30,843,186)	(38,421,189)	(6,482,095)	105,551,453

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk (Continued)

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at June 30, 2020 and December 31, 2019 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

		At December 31, 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	64,150,807	542,901	63,607,906	-	-	-
Deposits with banks and other financial institutions	6,292,147	1,009	6,233,527	57,611	-	-
Financial assets held under resale agreements	9,923,576	5,096	9,918,480	-	-	-
Loans and advances to customers (Note (i))	173,349,699	398,707	55,891,707	85,396,617	7,372,445	24,290,223
Financial investments (Note (ii))	148,034,046	1,774,570	8,118,188	17,718,505	67,627,583	52,795,200
Others	7,638,525	7,638,525	-	-	-	-
Total assets	409,388,800	10,360,808	143,769,808	103,172,733	75,000,028	77,085,423
Liabilities						
Borrowing from the central bank	(2,623,420)	(2,059)	(171,261)	(2,450,100)	-	-
Deposits from banks and other financial institutions	(16,107,370)	(107,030)	(1,285,340)	(14,715,000)	-	-
Placements from banks and other financial institutions	(1,001,137)	(1,137)	-	-	(1,000,000)	-
Financial assets sold under repurchase agreements	(7,966,758)	(5,558)	(7,961,200)	-	-	-
Deposits from customers	(260,266,471)	(2,337,249)	(145,858,309)	(48,775,610)	(60,195,303)	(3,100,000)
Debt securities issued	(84,122,732)	(71,775)	(36,985,610)	(39,275,324)	(4,997,577)	(2,792,446)
Others	(3,411,670)	(3,411,670)	-	-	-	-
Total liabilities	(375,499,558)	(5,936,478)	(192,261,720)	(105,216,034)	(66,192,880)	(5,892,446)
Asset-liability gap	33,889,242	4,424,330	(48,491,912)	(2,043,301)	8,807,148	71,192,977

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk (Continued)

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at June 30, 2020 and December 31, 2019 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

Notes:

- (i) As at June 30, 2020, for loans and advances to customers, the category "Less than three months" includes overdue amounts (net of provision for impairment losses) of RMB1,270.68 million (December 31, 2019: RMB243.10 million).
- (ii) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost. As at June 30, 2020, for financial investments, the category "Less than three months" includes overdue amounts (net of provision for impairment losses) of RMB159.10 million (December 31, 2019: RMB159.10 million).
- (ii) Interest rate sensitivity analysis

The Bank uses sensitivity analysis to measure the impact of changes in interest rate on the Bank's net profit or loss and equity.

	At June 30, 2020 (Decrease)/increase	At December 31, 2019 (Decrease)/increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(332,515)	(337,181)
Down 100 bps parallel shift in yield curves	332,515	337,181
	(Decrease)/increase	(Decrease)/increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(322,577)	(323,975)
Down 100 bps parallel shift in yield curves	322,577	323,975



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk (Continued)

Trading interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Bank'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 Bank's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

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

Due to the adoption of the aforementioned assumptions, the actual changes in the Bank'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.

Foreign currency risk

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



37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

(i) The Bank's currency exposures as at June 30, 2020 and December 31, 2019 were as follows:

	At June 30, 2020				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	51,128,724	517	–	–	51,129,241
Deposits with banks and other financial institutions	1,727,790	76,928	30,730	7,961	1,843,409
Financial assets held under resale agreements	8,981,947	–	–	–	8,981,947
Loans and advances to customers	189,992,655	–	–	–	189,992,655
Financial investments	163,649,349	–	–	–	163,649,349
Others	8,671,305	–	–	–	8,671,305
Total assets	<u>424,151,770</u>	<u>77,445</u>	<u>30,730</u>	<u>7,961</u>	<u>424,267,906</u>
Liabilities					
Borrowing from the central bank	(10,753,211)	–	–	–	(10,753,211)
Deposits from banks and other financial institutions	(19,059,201)	–	–	–	(19,059,201)
Placements from banks and other financial institutions	(2,102,108)	–	–	–	(2,102,108)
Financial assets sold under repurchase agreements	(11,011,714)	–	–	–	(11,011,714)
Deposits from customers	(279,309,661)	(1,534)	(834)	(7,961)	(279,319,990)
Debt securities issued	(62,996,141)	–	–	–	(62,996,141)
Others	(4,381,162)	–	(29,901)	–	(4,411,063)
Total liabilities	<u>(389,613,198)</u>	<u>(1,534)</u>	<u>(30,735)</u>	<u>(7,961)</u>	<u>(389,653,428)</u>
Net position	<u>34,538,572</u>	<u>75,911</u>	<u>(5)</u>	<u>–</u>	<u>34,614,478</u>
Off-balance sheet credit commitments	<u>16,323,332</u>	<u>612,757</u>	<u>–</u>	<u>–</u>	<u>16,936,089</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

- (i) The Bank's currency exposures as at June 30, 2020 and December 31, 2019 were as follows:
(Continued)

	At December 31, 2019			
	RMB	USD	HKD	Total
		(RMB equivalent)	(RMB equivalent)	(RMB equivalent)
Assets				
Cash and deposits with the central bank	64,150,626	181	–	64,150,807
Deposits with banks and other financial institutions	1,328,419	77,736	4,885,992	6,292,147
Financial assets held under resale agreements	9,923,576	–	–	9,923,576
Loans and advances to customers	173,349,699	–	–	173,349,699
Financial investments	148,034,046	–	–	148,034,046
Others	7,638,525	–	–	7,638,525
Total assets	<u>404,424,891</u>	<u>77,917</u>	<u>4,885,992</u>	<u>409,388,800</u>
Liabilities				
Borrowing from the central bank	(2,623,420)	–	–	(2,623,420)
Deposits from banks and other financial institutions	(16,107,370)	–	–	(16,107,370)
Placements from banks and other financial institutions	(1,001,137)	–	–	(1,001,137)
Financial assets sold under repurchase agreements	(7,966,758)	–	–	(7,966,758)
Deposits from customers	(260,262,772)	(3,699)	–	(260,266,471)
Debt securities issued	(84,122,732)	–	–	(84,122,732)
Others	(3,411,670)	–	–	(3,411,670)
Total liabilities	<u>(375,495,859)</u>	<u>(3,699)</u>	<u>–</u>	<u>(375,499,558)</u>
Net position	<u>28,929,032</u>	<u>74,218</u>	<u>4,885,992</u>	<u>33,889,242</u>
Off-balance sheet credit commitments	<u>26,767,285</u>	<u>514,595</u>	<u>–</u>	<u>27,281,880</u>

37 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

(ii) Exchange rate sensitivity analysis

	At June 30, 2020	At December 31, 2019
Changes in net profit	(Decrease)/increase	(Decrease)/increase
Foreign exchange rate decrease by 100 bps	(569)	(37,210)
Foreign exchange rate increase by 100 bps	569	37,210

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 based on the closing rate of reporting date;
- 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
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Bank. Due to the assumptions adopted, actual changes in the Bank's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk refers to the risk of the failure to obtain sufficient funds in a timely manner at reasonable prices for meeting assets growth or repaying mature debts, although the commercial banks are capable of paying off debts. The Bank monitors its future cash flows based on liquidity risk management policies and ensures that appropriate levels of highly liquid assets are maintained.

The Liquidity Risk Management Committee is responsible for the overall liquidity of the Bank. The committee is responsible for formulating liquidity policies in accordance with regulatory requirements and prudential principles. Policy objectives include:

- Maintain a sound and adequate liquidity level and establish a scientific and sound liquidity risk management system to ensure timely payment obligations and the satisfaction of liquidity requirements arising from assets, liabilities and off-balance sheet businesses in a normal operating environment or under a status of pressure, thereby balancing the effectiveness and safety of funds; and
- Make timely and reasonable adjustments to the scale and structure of assets and liabilities based on market changes and business development, and under the premise of ensuring liquidity, moderately pursue profit maximisation and cost minimisation, and realise the centralisation of safety, liquidity and efficiency for the Bank's funds.

The Planning and Financial Department takes the lead in implementing the liquidity risk management policy, and is responsible for formulating and timely revising the liquidity risk management strategy, and the identification, measurement, monitoring and mitigation management of the Bank's liquidity risk. In the meantime, the Planning and Financial Department and the Financial Markets Department are responsible for daily position management and forecasting, and maintaining an appropriate level of highly liquid portfolio based on liquidity management strategies. The Financial Markets Department operates in accordance with the instructions from the Planning and Financial Department. In case of significant payment crisis or structural changes, the Financial Markets Department should report to the Liquidity Risk Management Committee and make recommendations in a timely manner.

Most of the sources of funds for the assets held by the Bank are deposits from customers. In recent years, the Bank's deposits from customers continue to grow, with diversified categories and types of maturities, it has become a stable source of funds.

The Bank mainly adopts liquidity gap analysis to measure liquidity risk and uses different scenario analysis and stress tests to assess the impact of liquidity risk.



37 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at June 30, 2020 and December 31, 2019:

	At June 30, 2020							
	Indefinite <i>Note (i)</i>	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	19,111,502	32,017,739	-	-	-	-	-	51,129,241
Deposits with banks and other financial institutions	-	1,783,973	-	59,436	-	-	-	1,843,409
Financial assets held under resale agreements	-	-	8,981,947	-	-	-	-	8,981,947
Loans and advances to customers	757,222	568,897	5,718,509	3,971,624	31,208,200	47,995,813	99,772,390	189,992,655
Financial investments	221,295	-	1,956,481	11,637,040	24,574,790	61,353,968	63,905,775	163,649,349
Others	7,727,219	146,668	19,329	86,367	237,060	350,894	103,768	8,671,305
Total assets	27,817,238	34,517,277	16,676,266	15,754,467	56,020,050	109,700,675	163,781,933	424,267,906
Liabilities								
Borrowing from the central bank	-	-	-	-	(10,753,211)	-	-	(10,753,211)
Deposits from banks and other financial institutions	-	(368,610)	(5,000)	(9,590,591)	(9,095,000)	-	-	(19,059,201)
Placements from banks and other financial institutions	-	-	-	-	(100,139)	(2,001,969)	-	(2,102,108)
Financial assets sold under repurchase agreements	-	-	(11,011,714)	-	-	-	-	(11,011,714)
Deposit from customers	-	(139,760,121)	(9,280,142)	(6,620,289)	(50,469,101)	(73,165,760)	(24,577)	(279,319,990)
Debt securities issued	-	-	(49,942)	(16,591,385)	(38,563,313)	(4,998,336)	(2,793,165)	(62,996,141)
Others	(2,078,061)	-	(1,508,802)	(273,133)	(119,042)	(322,889)	(109,136)	(4,411,063)
Total liabilities	(2,078,061)	(140,128,731)	(21,855,600)	(33,075,398)	(109,099,806)	(80,488,954)	(2,926,878)	(389,653,428)
Net position	25,739,177	(105,611,454)	(5,179,334)	(17,320,931)	(53,079,756)	29,211,721	160,855,055	34,614,478

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

			At December 31, 2019					
	Indefinite <i>Note (i)</i>	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	23,905,566	40,245,241	–	–	–	–	–	64,150,807
Deposits with banks and other financial institutions	–	5,533,810	700,564	–	57,773	–	–	6,292,147
Financial assets held under resale agreements	–	–	9,923,576	–	–	–	–	9,923,576
Loans and advances to customers	655,938	16,953	4,324,510	5,995,881	23,972,773	42,499,276	95,884,368	173,349,699
Financial investments	197,257	–	4,805,658	3,215,286	17,866,783	68,797,561	53,151,501	148,034,046
Others	6,516,968	3,856	17,292	30,171	284,816	516,364	269,058	7,638,525
	<u>31,275,729</u>	<u>45,799,860</u>	<u>19,771,600</u>	<u>9,241,338</u>	<u>42,182,145</u>	<u>111,813,201</u>	<u>149,304,927</u>	<u>409,388,800</u>
Liabilities								
Borrowing from the central bank	–	–	(41,960)	(131,360)	(2,450,100)	–	–	(2,623,420)
Deposits from banks and other financial institutions	–	(280,340)	–	(1,112,030)	(14,715,000)	–	–	(16,107,370)
Placements from banks and other financial institutions	–	–	–	(1,137)	–	(1,000,000)	–	(1,001,137)
Financial assets sold under repurchase agreements	–	–	(7,966,758)	–	–	–	–	(7,966,758)
Deposit from customers	–	(136,680,038)	(2,726,595)	(8,788,925)	(48,775,610)	(60,195,303)	(3,100,000)	(260,266,471)
Debt securities issued	–	–	(3,042,039)	(33,943,571)	(39,347,099)	(4,997,577)	(2,792,446)	(84,122,732)
Others	(1,902,433)	(521,367)	(14,417)	(349,685)	(119,544)	(391,471)	(112,753)	(3,411,670)
	<u>(1,902,433)</u>	<u>(137,481,745)</u>	<u>(13,791,769)</u>	<u>(44,326,708)</u>	<u>(105,407,353)</u>	<u>(66,584,351)</u>	<u>(6,005,199)</u>	<u>(375,499,558)</u>
Total liabilities	<u>(1,902,433)</u>	<u>(137,481,745)</u>	<u>(13,791,769)</u>	<u>(44,326,708)</u>	<u>(105,407,353)</u>	<u>(66,584,351)</u>	<u>(6,005,199)</u>	<u>(375,499,558)</u>
Net position	29,373,296	(91,681,885)	5,979,831	(35,085,370)	(63,225,208)	45,228,850	143,299,728	33,889,242

Note:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Impaired deposits with banks and other financial institutions represents in indefinite category. 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. Indefinite amount of investments represents credit-impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite.

37 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Bank at at June 30, 2020 and December 31, 2019:

				At June 30, 2020				
	Carrying amount	Contractual undiscounted cash flow	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
Non-derivative financial liabilities								
Borrowings from central bank	10,753,211	10,975,905	–	–	–	10,975,905	–	–
Deposits from banks and other financial institutions	19,059,201	19,312,781	368,610	5,005	9,664,792	9,274,374	–	–
Placements from banks and other financial institutions	2,102,108	2,261,492	–	–	–	104,336	2,157,156	–
Financial assets sold under repurchase agreements	11,011,714	11,012,957	–	11,012,957	–	–	–	–
Deposits from customers	279,319,990	284,723,624	139,760,121	9,430,176	6,900,394	51,665,533	76,941,242	26,158
Debt securities issued	62,996,141	65,095,184	–	50,000	16,700,000	39,080,000	5,282,896	3,982,288
Total non-derivative financial liabilities	385,242,365	393,381,943	140,128,731	20,498,138	33,265,186	111,100,148	84,381,294	4,008,446
				At December 31, 2019				
	Carrying amount	Contractual undiscounted cash flow	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
Non-derivative financial liabilities								
Borrowings from central bank	2,623,420	2,685,174	–	42,000	132,059	2,511,115	–	–
Deposits from banks and other financial institutions	16,107,370	16,498,502	280,400	–	1,117,707	15,100,395	–	–
Placements from banks and other financial institutions	1,001,137	1,084,359	–	–	–	–	1,084,359	–
Financial assets sold under repurchase agreements	7,966,758	7,968,157	–	7,968,157	–	–	–	–
Deposits from customers	260,266,471	267,497,604	136,694,575	2,728,298	8,808,825	49,379,027	66,054,390	3,832,489
Debt securities issued	84,122,732	86,737,660	–	3,050,000	34,120,000	40,130,000	5,383,071	4,054,589
Total non-derivative financial liabilities	372,087,888	382,471,456	136,974,975	13,788,455	44,178,591	107,120,537	72,521,820	7,887,078

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

37 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 Bank has established an operational risk management system consisting of the Board of Directors, the Board of Supervisors, Senior Management, Operational Risk Management Committee, Risk Management Department, Legal Compliance Department, Information Technology Department, Audit Department and other functional departments of the head office, branches and sub-branches.

The Bank has established operational risk management policies, systems and procedures to effectively identify, assess, monitor, control and mitigate the operational risks of the Bank and to minimise any losses associated with operational risk.

The Bank has established the Three Lines of Defence to comprehensively manage operational risk: business establishments of branches and sub-branches and business functions at all levels are the First Line of Defence against operational risk and are directly responsible for operational risk management. The Risk Management and Legal Compliance Department are the Second Line of Defence against operational risk and responsible for formulating operational risk management policies, coordinating, supporting and supervising operational risk management. The Audit Department is the Third Line of Defence and is responsible for auditing whether the Bank's operational risk management policies are effective and assessing internal control systems and status of compliance.

The Bank has developed an emergency plan system and a business continuity plan system for various emergencies such as natural disasters, IT system failures, bank run, theft and robbery.

The Bank has established a system of accountability for all types of violations and disciplinary actions and a risk assessment system based on internal audit and compliance review.

38 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Bank 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. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) *Investments 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 non-derivative 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 non-derivative 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 Bank has established policies and internal controls with respect to the measurement of fair values, specify 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 Renminbi, unless otherwise stated)

38 FAIR VALUE (CONTINUED)

(b) Fair value measurement

(i) **Financial assets**

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

Deposits with the central bank, deposits with banks and other financial institutions and financial assets held under resale agreements 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 or Loan Prime Rate. 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 assets at fair value through profit or loss are stated at fair value. Financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are repriced at current market rates frequently.

(ii) **Financial liabilities**

The Bank's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

The book value and fair value of debt securities issued is presented in Note 27. The carrying amounts of other financial liabilities approximate their fair value.



38 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, categorised 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.

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, 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 management's best estimates and the discount rate used is reference to another instrument that is substantially the same.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

38 FAIR VALUE (CONTINUED)

	At June 30, 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
<i>Loans and advances to customers</i>				
<i>measured at fair value through other comprehensive income</i>				
– corporate loans and advances	–	2,228,406	–	2,228,406
– discounted bills	–	6,132,652	–	6,132,652
<i>Financial investments at fair value through profit or loss</i>				
– debt securities	–	5,350,405	–	5,350,405
– investment funds	–	13,338,555	–	13,338,555
– wealth management products	–	–	101,844	101,844
<i>Financial investments at fair value through other comprehensive income</i>				
– debt securities	–	46,361,688	–	46,361,688
– Structured notes issued by securities companies	–	–	599,531	599,531
– equity investments	–	–	37,750	37,750
Total	–	73,411,706	739,125	74,150,831

39 FAIR VALUE (CONTINUED)

	At December 31, 2019			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
<i>Loans and advances to customers</i>				
<i>measured at fair value through other comprehensive income</i>				
– corporate loans and advances	–	1,538,422	–	1,538,422
– discounted bills	–	5,916,386	–	5,916,386
<i>Financial investments at fair value through profit or loss</i>				
– debt securities	–	3,054,326	–	3,054,326
– investment funds	–	7,913,412	–	7,913,412
– wealth management products	–	–	1,250,215	1,250,215
<i>Financial investments at fair value through other comprehensive income</i>				
– debt securities	–	29,974,184	–	29,974,184
– equity investments	–	–	37,750	37,750
Total	–	48,396,730	1,287,965	49,684,695



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

38 FAIR VALUE (CONTINUED)

The movement during the period ended June 30, 2020 in the balance of Level 3 fair value measurements is as follows:

	January 1, 2020	Transfer into Level 3	Transfer out of Level 3	Total gains or losses		Purchases, issues, sales and settlements				June 30, 2020	Total gains or losses for the period included in profit or loss for assets held at the end of the period
				Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Issues	Sales	Settlements		
Assets											
Financial assets at fair value through profit or loss											
– wealth management products	1,250,215	-	-	(48,371)	-	-	-	-	(1,100,000)	101,844	433
Financial investments at fair value through other comprehensive income											
– Structured notes issued by securities companies	-	-	-	-	(469)	600,000	-	-	-	599,531	-
– equity investments	37,750	-	-	-	-	-	-	-	-	37,750	-
Total	1,287,965	-	-	(48,371)	(469)	600,000	-	-	(1,100,000)	739,125	433

The movement during the year ended December 31, 2019 in the balance of Level 3 fair value measurements is as follows:

	January 1, 2019	Transfer into Level 3	Transfer out of Level 3	Total gains or losses		Purchases, issues, sales and settlements				December 31, 2019	Total gains or losses for the year included in profit or loss for assets held at the end of the year
				Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Issues	Sales	Settlements		
Assets											
Financial assets at fair value through profit or loss											
– wealth management products	2,671,166	-	-	127,049	-	1,100,000	-	-	(2,648,000)	1,250,215	58,126
Financial investments at fair value through other comprehensive income											
– equity investments	37,750	-	-	-	-	-	-	-	-	37,750	-
Total	2,708,916	-	-	127,049	-	1,100,000	-	-	(2,648,000)	1,287,965	58,126

38 FAIR VALUE (CONTINUED)

During the years ended December 31, 2019 and six months ended June 30, 2020, the carrying amount of financial instrument valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

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 June 30, 2020	Valuation techniques	Unobservable inputs
Financial assets at fair value through profit or loss			
– wealth management products	101,844	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Structured notes issued by securities companies	599,531	Discounted cash flow	Risk-adjusted discount rate, cash flow
– equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow
	Fair value as at December 31, 2019	Valuation techniques	Unobservable inputs
Financial assets at fair value through profit or loss			
– wealth management products	1,250,215	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

38 FAIR VALUE (CONTINUED)

During the period ended June 30, 2020, there were no significant changes in the valuation techniques (the year ended December 31, 2019: nil).

As at December 31, 2019 and June 30, 2020, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly structured notes issued by securities companies, wealth management products and equity investments. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

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

The fair value of financial instruments is, 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 1 percent of change in fair value to reasonably possible alternative assumptions.

	At June 30, 2020			
	Effect on net profit		Effect on other comprehensive income	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial assets at fair value through profit or loss				
– wealth management products	18	(18)	–	–
Financial investments at fair value through other comprehensive income				
– Structured notes issued by securities companies	–	–	5	(5)
– equity investments	–	–	–	–

	At December 31, 2019			
	Effect on net profit		Effect on other comprehensive income	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial assets at fair value through profit or loss				
– wealth management products	502	(502)	–	–
Financial investments at fair value through other comprehensive income				
– equity investments	–	–	–	–

39 ENTRUSTED LENDING BUSINESS

The Bank provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Bank does not take any credit risk in relation to these transactions. The Bank 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 Bank and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	At June 30, 2020	At December 31, 2019
Entrusted loans	61,071,122	62,566,574
Entrusted funds	61,071,122	62,566,574

40 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Bank's credit commitments take the form of approved loans with signed contracts, 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 Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	At June 30, 2020	At December 31, 2019
Credit card commitments	1,982,235	1,147,958
Sub-total	1,982,235	1,147,958
Acceptances	12,497,131	25,082,477
Letters of credit	540,864	2,000
Letters of guarantees	1,915,859	1,049,445
Total	16,936,089	27,281,880

The Bank may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision 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 Renminbi, unless otherwise stated)

40 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Credit risk-weighted amount

	At June 30, 2020	At December 31, 2019
Credit risk-weighted amount	8,073,059	6,410,676

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

(c) Capital commitments

As at June 30, 2020 and December 31, 2019, the Bank's authorised capital commitments are as follows:

	At June 30, 2020	At December 31, 2019
Contracted but not paid for	257,154	460,027
Authorised but not contracted for	588	28,360
Total	257,742	488,387

(d) Outstanding litigations and disputes

As at June 30, 2020, the Bank was the defendant in certain pending litigations and disputes with an estimated gross amount of RMB44.49 million (December 31, 2019: RMB44.43 million). According to the opinion of the Bank's in-house lawyers and external lawyers, the Bank has assessed the above outstanding litigation cases that may lead to the loss of economic benefits. The management believes that the Bank is extremely unlikely to be liable for compensation. Therefore, the Bank didn't recognise any litigation provision.

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED JUNE 30, 2020

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended June 30, 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Bank.

Effective for
accounting period
beginning on or after

<i>Amendments to IFRS 3, Business Combinations</i>	
<i>“Reference to the conceptual framework”</i>	January 1, 2022
<i>Amendments to IAS 16, Property, Plant and Equipment “Property, plant and equipment: proceeds before intended Use”</i>	January 1, 2022
<i>Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets “Onerous contracts – cost of fulfilling a contract”</i>	January 1, 2022
<i>Annual Improvements to IFRS Standards 2018–2020</i>	January 1, 2022
<i>IFRS 17 “Insurance contracts”</i>	January 1, 2023
<i>Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture</i>	To be determined

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

42 COMPARATIVE FIGURES

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



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of RMB, unless otherwise stated)

The information set out below does not form part of the financial statements, 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 2020	Average for the six months ended 30 June 2020
Liquidity coverage ratio (RMB and foreign currency)	222.98%	277.73%

	31 December 2019	Average for the year ended 31 December 2019
Liquidity coverage ratio (RMB and foreign currency)	320.18%	270.32%

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

Leverage Ratio

	At June 30, 2020	At December 31, 2019
Leverage Ratio	6.98%	6.61%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC and was effective since April 1, 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 the PRC GAAP.

2 CURRENCY CONCENTRATIONS

	At June 30, 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	77,445	30,730	7,961	116,136
Spot liabilities	(1,534)	(30,735)	(7,961)	(40,230)
Net position	75,911	(5)	–	75,906

	At December 31, 2019			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	77,348	4,887,099	–	4,964,447
Spot liabilities	(18)	(1,107)	–	(1,125)
Net position	77,330	4,885,992	–	4,963,322

The Bank has no structural position at June 30, 2020 and December 31, 2019.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Bank 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, and 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.

	At June 30, 2020			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	29,901	—	—	29,901

	At December 31, 2019			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	4,887,126	—	—	4,887,126

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	At June 30, 2020	At December 31, 2019
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Within three months (inclusive)	926,189	427,591
– Overdue more than three months to one year (inclusive)	959,321	543,094
– Overdue more than one year	346,288	449,099
Total	2,231,798	1,419,784
As a percentage of gross loans and advances		
– Within three months (inclusive)	0.47%	0.24%
– Overdue more than three months to one year (inclusive)	0.49%	0.30%
– Overdue more than one year	0.17%	0.25%
Total	1.13%	0.79%



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
1	Guiyang	Gui'an University Town sub-branch of Bank of Guizhou Co., Ltd.	Block A4, Shuangchuang Park of University Town, Guizhou Light Industry Technical College, Huaxi University Town, Gui'an New Area, Guizhou Province	550025
2	Guiyang	Gui'an New Area sub-branch of Bank of Guizhou Co., Ltd.	Temporary financial services area in the new district near Baima Road, Gui'an New Area, Guizhou Province	550003
3	Guiyang	Guiyang Baiyun sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3, 1/F, No. 65 Zhonghuan Road, Baiyun District, Guiyang, Guizhou Province	550014
4	Guiyang	Guiyang Baoli Yunshan sub-branch of Bank of Guizhou Co., Ltd.	Commercial properties No. 5, Baoli Yunshan International Kindergarten, No. 148 Shibe Road, Yunyan District, Guiyang, Guizhou Province	550003
5	Guiyang	Guiyang Baoshan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Zhongke Jiayuan annex building (on the side facing Guanshui Road), Institute of Geochemistry Chinese Academy of Sciences, No. 46 Guanshui Road, Nanming District, Guiyang, Guizhou Province	550002
6	Guiyang	Guiyang Beijing Road sub-branch of Bank of Guizhou Co., Ltd.	No. 9 Beijing Road, Yunyan District, Guiyang, Guizhou Province	550001
7	Guiyang	Guiyang Beijing West Road Community sub-branch of Bank of Guizhou Co., Ltd.	No. 24 Basement 1, E Yuan, Shijicheng, Beijing West Road, Jinyang New District, Guiyang, Guizhou Province	550004
8	Guiyang	Guiyang Beijing West Road sub-branch of Bank of Guizhou Co., Ltd.	Around the corner on 1/F, Building No. 5, Longquan Resettlement Community, intersection between Beijing West Road and Jinyuan Street, Guanshanhu District, Guiyang, Guizhou Province	550081
9	Guiyang	Guiyang Daqing Road sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 5, 1/F, No. 17 Meishu Yangguang Community, No. 288 Daqing Road, Nanming District, Guiyang, Guizhou Province	550007
10	Guiyang	Guiyang Dongshan Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-23, Block 1-4, Group Nine & Ten, Zhongtian Shiji New Town, No. 198 Dongshan Road, Yunyan District, Guiyang, Guizhou Province	550001
11	Guiyang	Guiyang Fushui Road sub-branch of Bank of Guizhou Co., Ltd.	Annex building of Hengfeng Yipin, No. 31 Fushui South Road, Nanming District, Guiyang, Guizhou Province	550002
12	Guiyang	Guiyang Guikai Road sub-branch of Bank of Guizhou Co., Ltd.	Commercial units on 1/F & residential units on 11/F, No. 47 Guiwu North Road, Yunyan District, Guiyang, Guizhou Province	550003



No.	Region	Name of institution	Address of institution	Postal code
13	Guiyang	Guiyang Huguo Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Shangri-La Building, No. 82 Huguo Road, Nanming District, Guiyang, Guizhou Province	550002
14	Guiyang	Guiyang Huaguoyuan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1005A & 1005B, phase one, Huaguoyuan Project, Zhongshan South Road, Guiyang, Guizhou Province	550002
15	Guiyang	Guiyang Huaxi Avenue sub-branch of Bank of Guizhou Co., Ltd.	No. 3078, Qingxi Road, Huaxi District, Guiyang, Guizhou Province	550025
16	Guiyang	Guiyang Huaxi sub-branch of Bank of Guizhou Co., Ltd.	Portion of 1/F and the whole of 3/F, No. 3068 Huaxi Avenue, Huaxi District, Guiyang, Guizhou Province	550025
17	Guiyang	Guiyang Huizhan City sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block D1, SOHO Area, Jinyang International Convention and Exhibition Center, Guanshanhu District, Guiyang, Guizhou Province	550009
18	Guiyang	Guiyang Jinlong International sub-branch of Bank of Guizhou Co., Ltd.	Shops 1–5, Block 1, Jinlong International Garden, Jinyang New District, Guiyang, Guizhou Province	550081
19	Guiyang	Guiyang Jinyang Keji sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Western China (Guiyang) High-tech Production and R&D base, No. 28 Changling South Road, National High-tech Zone, Guiyang, Guizhou Province	550008
20	Guiyang	Guiyang Lanhua Plaza sub-branch of Bank of Guizhou Co., Ltd.	Shops S113, S114, S115, S116, Block 4, J Section, Huaguoyuan, Nanming District, Guiyang, Guizhou Province	550002
21	Guiyang	Guiyang Liyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, 601 Complex Building, Guiyang Liyang Aero Engine Co., Ltd., Baiyun District, Guiyang, Guizhou Province	550014
22	Guiyang	Guiyang Nanming sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8, 9, 11, Block C, Junyue Huating, No. 19 Xinhua Road, Nanming District, Guiyang, Guizhou Province	550002
23	Guiyang	Guiyang Qingzhen sub-branch of Bank of Guizhou Co., Ltd.	1/F, high-rise residence Block A, Hongshu Dongfang, Yunling East Road, Qingzhen City, Guiyang, Guizhou Province	551400
24	Guiyang	Guiyang Ruijin sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3 1/F and 14/F, Yuhui Commercial Center, No. 68 Ruijin North Road, Yunyan District, Guiyang, Guizhou Province	550003



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
25	Guiyang	Guiyang Shixin sub-branch of Bank of Guizhou Co., Ltd.	Shops 15–18, Basement 1, Block 8–12, Phase One, Manpo Xiaoshicheng, Guiyang, Guizhou Province	550001
26	Guiyang	Guiyang Shijicheng Xingfu Road sub-branch of Bank of Guizhou Co., Ltd.	1–2/F, Units 7–11, Comprehensive Market periphery, Group M, Shijicheng, Guanshanhu District, Guiyang, Guizhou Province	550081
27	Guiyang	Guiyang Shibei Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Shibei Road, Yunyan District, Guiyang, Guizhou Province	550003
28	Guiyang	Guiyang Shinan Road community sub-branch of Bank of Guizhou Co., Ltd.	No. 11 1/F, No. 69 Shinan Road, Nanming District, Guiyang, Guizhou Province	550002
29	Guiyang	Guiyang Shuanglong Air Harbor sub-branch of Bank of Guizhou Co., Ltd.	Commercial units with street frontage in A section, phase one, Taisheng International Air Harbor Wealth Plaza, No. 9 Airport Road, Shuanglong Air Harbor Economic Zone, Guiyang, Guizhou Province	550005
30	Guiyang	Guiyang Weiqing Road Community sub-branch of Bank of Guizhou Co., Ltd.	No. 16 & 17 1/F, Block A, No. 172 Weiqing Road, Yunyan District, Guiyang, Guizhou Province	550001
31	Guiyang	Guiyang Weilai Fangzhou sub-branch of Bank of Guizhou Co., Ltd.	Nos. 16–18 Basement 7, Group E4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province	550001
32	Guiyang	Guiyang Wudang sub-branch of Bank of Guizhou Co., Ltd.	No. 11/F and 2/F, Commodity Building Block 22, No. 22 Xintian Avenue, Wudang District, Guiyang, Guizhou Province	550018
33	Guiyang	Guiyang Southwest Trade Mart sub-branch of Bank of Guizhou Co., Ltd.	Nos. 111, 112, 113, F section, 1/F, Building No. 2, phase one, Guiyang Southwest Trade Mart, Guanshanhu District, Guiyang, Guizhou Province	550081
34	Guiyang	Guiyang Xifeng sub-branch of Bank of Guizhou Co., Ltd.	No. 1–11/F, Block 1, Kunlun Building, Hucheng Avenue, Yongjing Town, Xifeng County, Guiyang, Guizhou Province	551100
35	Guiyang	Guiyang Xiaochehe Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 103 & 104, 1/F, Block 2, R2 Section, Xiaochehe Road, Huaguoyuan, Nanming District, Guiyang, Guizhou Province	550003
36	Guiyang	Guiyang Xiaohe sub-branch of Bank of Guizhou Co., Ltd.	1/F, Building No. 1, Daxing Commercial Building, No. 418 Huanghe Road, Xiaohe District, Guiyang, Guizhou Province	550009

No.	Region	Name of institution	Address of institution	Postal code
37	Guiyang	Guiyang Xiaoshizi sub-branch of Bank of Guizhou Co., Ltd.	Yinzuo Commercial Building, No. 40 Zhongshan East Road, Yunyan District, Guiyang, Guizhou Province	550001
38	Guiyang	Guiyang Xinxingyuan sub-branch of Bank of Guizhou Co., Ltd.	No. 9 Basement 3, Block 4, Xinxingyuan, No. 198 North section of Xintian Avenue, Wudang District, Guiyang, Guizhou Province	550018
39	Guiyang	Guiyang Yanwu Street sub-branch of Bank of Guizhou Co., Ltd.	No. 35 Yanwu Street, Yunyan District, Guiyang, Guizhou Province	550001
40	Guiyang	Guiyang Youlin Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Group G4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province	550001
41	Guiyang	Guiyang Youyi sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-7 Youyi Road, Yunyan District, Guiyang, Guizhou Province	550001
42	Guiyang	Guiyang Yunhuan Road Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. F-1-14, F-1-15, F-1-16, F-1-20, F-1-21, F-1-22, F-1-23, Beishang Huacheng Shopping Center, Yunhuan Road, Baiyun District, Guiyang, Guizhou Province	550014
43	Guiyang	Guiyang Yunyan sub-branch of Bank of Guizhou Co., Ltd.	No. 77 Ruijin Middle Road, Guiyang, Guizhou Province	550001
44	Guiyang	Guiyang Exhibition Center sub-branch of Bank of Guizhou Co., Ltd.	No. 65 Zunyi Road, Nanming District, Guiyang, Guizhou Province	550002
45	Guiyang	Guiyang Zhongdu sub-branch of Bank of Guizhou Co., Ltd.	1/F, Zhongdu Building, No. 149 Zhonghua South Road, Nanming District, Guiyang, Guizhou Province	500002
46	Guiyang	Guiyang Zhongshan West Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 affiliated to No. 23 1/F, Huayi Building, No. 77 Zhongshan West Road, Nanming District, Guiyang, Guizhou Province	500001
47	Guiyang	Guiyang Zhongtian Garden sub-branch of Bank of Guizhou Co., Ltd.	No. 14 overhead 1/F, Zhongtian Garden Sports Field, No. 289, south section of Xintian Avenue, Yunyan District, Guiyang, Guizhou Province	550003
48	Guiyang	Guiyang Zhongtie Yidu Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1, 2, 19, 20, 1/F, Unit 8, Block DS-6, 8, 10, 12, 14, Group D, Zhongtie Yidu International, No. 300 Shilin Road, Guanshanhu District, Guiyang, Guizhou Province	550081



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
49	Guiyang	Guiyang Zhujiang Road sub-branch of Bank of Guizhou Co., Ltd.	Room 7&8 1/F, Block 14, Wanke Daduhui, No. 368 Zhujiang Road, Huaxi District, Guiyang, Guizhou Province	550009
50	Guiyang	Guiyang Zhucheng Plaza sub-branch of Bank of Guizhou Co., Ltd.	Shengzi Building, No. 2 Zunyi Road, Guiyang, Guizhou Province	550002
51	Guiyang	Guiyang Zunyi Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 1/F, No. 1 2/F, No. 1 3/F, Unit AB, Chengshi Fangzhou, No. 25 Zunyi Road, Nanming District, Guiyang, Guizhou Province	550002
52	Guiyang	Guiyang Huansha Road sub-branch of Bank of Guizhou Co., Ltd.	1/F of attached building, No. 157 Huansha Road, Yunyan District, Guiyang, Guizhou Province	550001
53	Guiyang	Kaiyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, No. 395 Kaizhou Avenue, Kaiyang County, Guiyang, Guizhou Province	550300
54	Guiyang	Xiuwen sub-branch of Bank of Guizhou Co., Ltd.	1/F, Unit 1, Block 1, Chaoyang Road, Xiuwen County, Guiyang, Guizhou Province	550200
55	Anshun	Anshun sub-branch of Bank of Guizhou Co., Ltd.	No. 136 Xihang Road, Anshun, Guizhou Province	561000
56	Anshun	Anshun Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Tashan East Road, Xixiu District, Anshun, Guizhou Province	561000
57	Anshun	Anshun Dongguan sub-branch of Bank of Guizhou Co., Ltd.	Dongsheng Xingyuan at intersection of Ruofei East Road and Jianshe Road, Anshun, Guizhou Province	561000
58	Anshun	Anshun Fenghuangshan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54, 55, 56, 57, "Longfeng Chengxiang" Basement 2, Longquan Road, Anshun, Guizhou Province	561000
59	Anshun	Anshun Gufu Street sub-branch of Bank of Guizhou Co., Ltd.	Shops 14&15, Block 5, Tushu Road, Anshun, Guizhou Province	561000
60	Anshun	Anshun Huaxi sub-branch of Bank of Guizhou Co., Ltd.	No. 60 Hongyang Road, Taiping Community, Anshun, Guizhou Province	561000



No.	Region	Name of institution	Address of institution	Postal code
61	Anshun	Anshun Jian'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Plot 3, Group three, phase two, Dongguan Economically Affordable Housing Community, Zhonghua East Road, Xixiu District, Anshun, Guizhou Province	561000
62	Anshun	Anshun Development Zone sub-branch of Bank of Guizhou Co., Ltd.	Basement 3-2, Block A3, Jiangshan Garden (Panshan Longting) on Jianyanpo, west side of North 2nd Ring Road, Anshun, Guizhou Province	561000
63	Anshun	Anshun Longqing Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-9&1-10, Yincheng Dijing, Longqing Road, Xixiu District, Anshun, Guizhou Province	561000
64	Anshun	Anshun Nanhua sub-branch of Bank of Guizhou Co., Ltd.	Block A, Shun'an Shiji New Town, Nanhua Road, Anshun, Guizhou Province	561000
65	Anshun	Anshun Qianzhong sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-8, 1-9, 1-10, Cuilu Jincheng, Anshun, Guizhou Province	561000
66	Anshun	Anshun Ruofei sub-branch of Bank of Guizhou Co., Ltd.	New Administrative Center of the Municipal Government on intersection of Wudang Road and North 2nd Ring Road, Anshun	561000
67	Anshun	Anshun Tuobao Mountain sub-branch of Bank of Guizhou Co., Ltd.	Xixiu District Government Financial Center, Tuobao Mountain, Huangguoshu Street, Xixiu District, Anshun	561000
68	Anshun	Anshun Wumiao sub-branch of Bank of Guizhou Co., Ltd.	Shops 0-2, Guozhao Community, Ruofei North Road, Anshun, Guizhou Province	561000
69	Anshun	Anshun Xixiu sub-branch of Bank of Guizhou Co., Ltd.	Office Building No. 1, No. 64 Zhonghua South Road, Anshun, Guizhou Province	561000
70	Anshun	Anshun Xiaoshizi sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-4&1-5, Block 1-B, Xichun Garden, Zhonghua North Road, Anshun	561000
71	Anshun	Guanling County sub-branch of Bank of Guizhou Co., Ltd.	Block U, Yincheng Xinyuan, Guansuo Town, Guanling County, Guizhou Province	561300
72	Anshun	Huangguoshu New City sub-branch of Bank of Guizhou Co., Ltd.	No. 11/F, Suofei'er Hotel, Huangguoshu New City, Guanling County, Guizhou Province	561200



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
73	Anshun	Pingba Liyang sub-branch of Bank of Guizhou Co., Ltd.	Block 16, Area No. 5, Liyang Aero Engines Company, Pingba District, Anshun, Guizhou Province	561100
74	Anshun	Pingba sub-branch of Bank of Guizhou Co., Ltd.	Zhongshan Building, Zhongshan Road, Pingba District, Anshun, Guizhou Province	561100
75	Anshun	Puding County sub-branch of Bank of Guizhou Co., Ltd.	No.116, Guangming Road, Chengguan Town, Puding County, Anshun, Guizhou Province	562100
76	Anshun	Zhenning County sub-branch of Bank of Guizhou Co., Ltd.	Shops 24-31, 1/F, "Longcheng Impression", south side of Yanhe Road, Zhenning County, Anshun, Guizhou Province	561200
77	Anshun	Ziyun sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 101, 1/F, Block C, Hongtai Trade Mart, middle section of Getu Avenue, Ziyun County	560800
78	Bijie	Bijie branch of Bank of Guizhou Co., Ltd.	Block A, Jinyuanda Time Square, Baili Dujuan Road, Qixingguang District, Bijie, Guizhou Province	551700
79	Bijie	Baili Dujuan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Builing No. 23, Pengcheng Community, Pudi Township, Dafang County, Bijie, Guizhou Province	551600
80	Bijie	Bijie Dujuan sub-branch of Bank of Guizhou Co., Ltd.	No. 2, 1/F, Block A, Shangcheng International, Biyang Avenue, Qixingguang District, Bijie, Guizhou Province	551700
81	Bijie	Bijie Hongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Hongshan Wealth International, No. 5 Hongshan Road, Qixingguang District, Bijie, Guizhou Province	551700
82	Bijie	Bijie Jinhaihu New District sub-branch of Bank of Guizhou Co., Ltd.	1/F Block 1, Jinhai Xinyuan, Jinhaihu New District, Bijie, Guizhou Province	551700
83	Bijie	Bijie Tianhe sub-branch of Bank of Guizhou Co., Ltd.	1/F Block 9, Tianhe Farmer's Market, Tianhe Road, Qixingguang District, Bijie, Guizhou Province	551700
84	Bijie	Dafang sub-branch of Bank of Guizhou Co., Ltd.	1/F, Dongfang Hotel, west side of middle section of Shexiang Avenue, Dafang County, Bijie, Guizhou Province	551600



No.	Region	Name of institution	Address of institution	Postal code
85	Bijie	Hezhang sub-branch of Bank of Guizhou Co., Ltd.	Longquan Road, Chengguan Town, Hezhang County, Bijie, Guizhou Province	553200
86	Bijie	Jinsha sub-branch of Bank of Guizhou Co., Ltd.	No. 157 Zhonghua Road, Chengguan Town, Jinsha County, Bijie, Guizhou Province	551800
87	Bijie	Nayong sub-branch of Bank of Guizhou Co., Ltd.	1/F Yonghua Road, Jingsi Road, Yongxi Town, Nayong County, Bijie, Guizhou Province	553300
88	Bijie	Qianxi sub-branch of Bank of Guizhou Co., Ltd.	Fulin International, Wenhua Road, Qianxi County, Bijie, Guizhou Province	551500
89	Bijie	Weining Liuqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jinse Yangguang Building, west side of Renmin North Road, Liuqiao Street, Weining County, Bijie, Guizhou Province	553100
90	Bijie	Weining sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Yangguang 100 International New City, Binhai Avenue, Weining County, Bijie, Guizhou Province	553100
91	Bijie	Zhijin sub-branch of Bank of Guizhou Co., Ltd.	Zijin Huafu, No. 2 Jinan Road, Chengguan Town, Zhijin County, Bijie, Guizhou Province	552100
92	Liupanshui	Liupanshui branch of Bank of Guizhou Co., Ltd.	Baolong International Building, No.36 Zhongshan West Road, Liupanshui, Guizhou Province	553000
93	Liupanshui	Liupanshui Dexinyuan sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 10, 1/F, Building No. 10, Shuikuang Dexinyuan Community, Dewu New sub-district, Zhongshan District, Liupanshui, Guizhou Province	553000
94	Liupanshui	Liupanshui Gangcheng sub-branch of Bank of Guizhou Co., Ltd.	No. 452279, Shuigang Baxi Middle Road, Liupanshui, Guizhou Province	553000
95	Liupanshui	Liupanshui Guanting sub-branch of Bank of Guizhou Co., Ltd.	No. 101 affiliated to No. 24 Renmin East Road, Zhongshan District, Liupanshui, Guizhou Province	553000
96	Liupanshui	Liupanshui Hecheng sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block B, Mingdu Commercial Plaza, Zhongshan District, Liupanshui, Guizhou Province	553000



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
97	Liupanshui	Liupanshui Hongqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Outlets International Plaza, Hongqiao New District, Liupanshui	553000
98	Liupanshui	Liupanshui Huangtupo sub-branch of Bank of Guizhou Co., Ltd.	Opposite to Suning Appliance, intersection of Kangle South Road, Zhongshan District, Liupanshui, Guizhou Province	553000
99	Liupanshui	Liupanshui Jintai sub-branch of Bank of Guizhou Co., Ltd.	Jintai Building, No. 73, Zhongshan Middle Road, Liupanshui	553000
100	Liupanshui	Liupanshui Jinxing sub-branch of Bank of Guizhou Co., Ltd.	Nos. 8, 9, 10 affiliated to No. 14, Renmin Middle Road, Liupanshui, Guizhou Province	553000
101	Liupanshui	Liupanshui Liangdu sub-branch of Bank of Guizhou Co., Ltd.	No. 37, Zhongshan West Road, Liupanshui, Guizhou Province	553000
102	Liupanshui	Liupanshui Qunli sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1 & 1-2, Block A, Jiusheng Building, east side of Guangchang Road, Liupanshui, Guizhou Province	553000
103	Liupanshui	Liupanshui Yinxing sub-branch of Bank of Guizhou Co., Ltd.	Room 103 affiliated to No. 25, Zhongshan Middle Road, Liupanshui, Guizhou Province	553000
104	Liupanshui	Liupanshui Zhongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F for commercial purpose, Block A3, Deyuan • Future City, Fenghuang New District, Zhongshan District, Liupanshui, Guizhou Province	553000
105	Liupanshui	Liupanshui Qilin sub-branch of Bank of Guizhou Co., Ltd.	1/F, Housing Provident Fund Management Center, Qilin Road, Zhongshan District, Liupanshui, Guizhou Province	553000
106	Liupanshui	Liuzhi Jiankang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block E, Jiankang Road, Pingzhai Town, Liuzhite District	553400
107	Liupanshui	Liuzhite District sub-branch of Bank of Guizhou Co., Ltd.	A-08 & A-09, 1/F Gongkuang Building, No. 22 Renmin Road, Pingzhai Town, Liuzhite District, Liupanshui, Guizhou Province	553400
108	Liupanshui	Panzhou Boguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jianhe Commercial Center, Yanjiang West Road, Boguo Town, Panzhou City, Liupanshui, Guizhou Province	553500



No.	Region	Name of institution	Address of institution	Postal code
109	Liupanshui	Panzhou Hongguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Guizhou Panxing Energy Development Investment Limited, Yizi Street, Panzhou City, Liupanshui, Guizhou Province	553500
110	Liupanshui	Panzhou Panjiang sub-branch of Bank of Guizhou Co., Ltd.	No. 5 Panjiang North Road, Hanlin Street, Panzhou City, Guizhou Province	553500
111	Liupanshui	Panzhou Shuangfeng sub-branch of Bank of Guizhou Co., Ltd.	No. 57 Yanhe South Road, Shuangfeng Town, Panzhou City, Liupanshui, Guizhou Province	553500
112	Liupanshui	Panzhou sub-branch of Bank of Guizhou Co., Ltd.	1/F, Shangpin International Commercial Square, Shengjing Avenue, Yizi Street, Panzhou City, Liupanshui, Guizhou Province	553500
113	Liupanshui	Shuicheng County sub-branch of Bank of Guizhou Co., Ltd.	No. 126 Jinshan Road, Shuangshui Development Area, Shuicheng County, Liupanshui, Guizhou Province	553000
114	Qiandongnan	Qiandongnan branch of Bank of Guizhou Co., Ltd.	1/F-3/F, Fengqiu Xintiandi, Yingbin Avenue, Kaili City, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	556000
115	Qiandongnan	Congjiang sub-branch of Bank of Guizhou Co., Ltd.	Block 1 & Block 2, Trade Town, Jian'an Road, Bingmei Town, Congjiang County, Guizhou Province	557499
116	Qiandongnan	Danzhai sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Cultural, Sports, Broadcast, Television & Tourism Bureau Building, east side of middle section of Longquan Avenue, Danzhai County, Guizhou Province	557500
117	Qiandongnan	Huangping sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Feiyun Road, Xinzhou Town, Huangping County, Guizhou Province	556100
118	Qiandongnan	Jianhe sub-branch of Bank of Guizhou Co., Ltd.	No. 3 Yang'ashadong Avenue, Gedong Town, Jianhe County, Guizhou Province	556499
119	Qiandongnan	Jinping sub-branch of Bank of Guizhou Co., Ltd.	Shops 13-18, State-owned company settlement building, north side of Binjiang Avenue, Sanjiang Town, Jinping County, Guizhou Province	556700
120	Qiandongnan	Kaili Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 11, Beijing East Road, Kaili City, Guizhou Province	556000



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
121	Qiandongnan	Kaili Century Town sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, 1/F, Century Town, No. 22 Wenhua North Road, Kaili, Guizhou Province	556000
122	Qiandongnan	Kaili Yingbin sub-branch (micro and small enterprises financial services center) of Bank of Guizhou Co., Ltd.	Shops 1 & 2, Block B1, Xinding Guoji Mingju, No. 33 Ningbo Road, Kaili, Guizhou Province	556000
123	Qiandongnan	Leishan sub-branch of Bank of Guizhou Co., Ltd.	No. 115 Leigongshan Avenue, Danjiang Town, Leishan County, Guizhou Province	557199
124	Qiandongnan	Liping sub-branch of Bank of Guizhou Co., Ltd.	Shops 12–15 and portion of 2/F, Block 8, Li'nan Jiayuan, Wukai South Road, Defeng Town, Liping County, Guizhou Province	557300
125	Qiandongnan	Majiang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Land and Resources Bureau Building, Fenghuang Avenue, Xingshan Town, Majiang County, Guizhou Province	557699
126	Qiandongnan	Sanshui sub-branch of Bank of Guizhou Co., Ltd.	Shops 1–3 and portion of 3/F, Jinxiu Qiancheng, Fuzheng West Road, Bagong Town, Sanshui County, Guizhou Province	556599
127	Qiandongnan	Shibing sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Water Resources Bureau, Zhongsha Avenue, Chengguan Town, Shibing County, Guizhou Province	556299
128	Qiandongnan	Taijiang sub-branch of Bank of Guizhou Co., Ltd.	No. 8 Miaojiang East Avenue, Taigong Town, Taijiang County, Guizhou Province	556300
129	Qiandongnan	Tianzhu sub-branch of Bank of Guizhou Co., Ltd.	Old Office Building, Land Tax Bureau, Commercial Zone II Road, Fengcheng Town, Tianzhu County, Guizhou Province	556699
130	Qiandongnan	Zhenyuan sub-branch of Bank of Guizhou Co., Ltd.	Former Hardware Factory's Dormitory, Lianhe Street, Wuyang Town, Zhenyuan County, Guizhou Province	557700
131	Qiandongnan	Cengong sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, south side of Waihuan West Road (Yukai Express Exit- Dayuan Road Link), Cengong County, Guizhou Province	557801
132	Qiandongnan	Rongjiang sub-branch of Bank of Guizhou Co., Ltd.	Huilong Commercial Square, No. 9–1 Dongbingjiang Avenue, Rongjiang County, Guizhou Province	557299



No.	Region	Name of institution	Address of institution	Postal code
133	Qiannan	Qiannan branch of Bank of Guizhou Co., Ltd.	Huaxin Building, No. 62 Jianjiang Middle Road, Duyun, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	558000
134	Qiannan	Changshun sub-branch of Bank of Guizhou Co., Ltd.	Units 2, 3 & 4, 1/F, Block 2, Xinhe Building, Chengnan Avenue, Chengnan New District, Changshun County, Qiannan Prefecture, Guizhou Province	550700
135	Qiannan	Duyun Dalong sub-branch of Bank of Guizhou Co., Ltd.	Shops 5-7 & 18-19, 1/F, Block 8, Yudufu, Dalong Avenue, Duyun, Qiannan Prefecture, Guizhou Province	558000
136	Qiannan	Duyun Jianjiang sub-branch of Bank of Guizhou Co., Ltd.	Shops B4-B7, 1/F, Block B, Gangwan Lidu, Longshan Avenue, Duyun, Qiannan Prefecture, Guizhou Province	558000
137	Qiannan	Duyun Economic Development Area sub-branch of Bank of Guizhou Co., Ltd.	Units 2-10, 11 & 12, 1/F, Block B, Yundu Guoji, Duyun Economic Development Area, Qiannan Prefecture, Guizhou Province	558000
138	Qiannan	Duyun Shidai sub-branch of Bank of Guizhou Co., Ltd.	1/F, Times Square, No. 66 Jianjiang Middle Road, Duyun, Qiannan Prefecture, Guizhou Province	558000
139	Qiannan	Dushan sub-branch of Bank of Guizhou Co., Ltd.	Unit 11, 1/F, Fuzun Huating Commerce, Zhongnan Road, Dushan County, Qiannan Prefecture, Guizhou Province	558200
140	Qiannan	Fuquan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, 6#, Block 4, Zhongxincheng • Tianjie, Chaoyang Road, Fuquan, Qiannan Prefecture, Guizhou Province	550500
141	Qiannan	Guiding sub-branch of Bank of Guizhou Co., Ltd.	No. 71 Hongqi Road, Guiding County, Qiannan Prefecture, Guizhou Province	551300
142	Qiannan	Huishui sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-4, 1/F, Block 8, Bouyei Water Village • Huanle Island, Lianjian North Road, Lianjiang Community, Huishui County, Qiannan Prefecture, Guizhou Province	550600
143	Qiannan	Libo sub-branch of Bank of Guizhou Co., Ltd.	Units 101 & 102, No. 4 Zhangjiang East Road, Yuping Town, Libo County, Qiannan Prefecture, Guizhou Province	558400
144	Qiannan	Longli sub-branch of Bank of Guizhou Co., Ltd.	Shop 1 Basement 2 & Shop 2 Basement 2, Block A & Block B, Laiyinbao Community, Jinlong West Road, Guanshan Street, Longli County, Qiannan Prefecture, Guizhou Province	551200



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
145	Qiannan	Luodian sub-branch of Bank of Guizhou Co., Ltd.	Units 4–9, 1/F, Commercial Building 2, Anbang Huacheng, Chengdong New District, Longping Town, Luodian County, Qiannan Prefecture, Guizhou Province	550100
146	Qiannan	Pingtang sub-branch of Bank of Guizhou Co., Ltd.	Shops 22–25, 1/F& Shops 21–22, 2/F, Podiums 3 & 4, Central Street Community, Pingtang County, Qiannan Prefecture, Guizhou Province	558300
147	Qiannan	Sandu sub-branch of Bank of Guizhou Co., Ltd.	Units 1 & 2, 1/F, Commercial Building, 68 Fudi, Zhonghua Road, Sanhe Town, Sandu County, Qiannan Prefecture, Guizhou Province	558100
148	Qiannan	Weng'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Zone B, Lvcheng Central Park, Hexi New District, Yongyang Town, Weng'an County, Qiannan Prefecture, Guizhou Province	550400
149	Qiannan	Weng'an Middle Street sub-branch of Bank of Guizhou Co., Ltd.	Units 1–8 & 9, Block 7, Wenfeng Middle Road, Wengshui Huazhu Community, Weng'an County, Qiannan Prefecture, Guizhou Province	550400
150	Qianxinan	Qianxinan branch of Bank of Guizhou Co., Ltd.	1/F-2/F, Aocheng Community, Ruijin Avenue, Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province	562400
151	Qianxinan	Anlong sub-branch of Bank of Guizhou Co., Ltd.	Kaifa Avenue, Xicheng District, Xinan Town, Anlong County, Guizhou Province (Unit 108, Stone Factory Group, Xihe Village)	552400
152	Qianxinan	Ceheng sub-branch of Bank of Guizhou Co., Ltd.	Former SAT Bureau Office Building, Crossroad of Qianjin Road, Ceheng County, Qianxinan Prefecture, Guizhou Province	552200
153	Qianxinan	Puan sub-branch of Bank of Guizhou Co., Ltd.	Units 1–4, 1/F, Block 2, Jinqiao Baihui, Nanhu Street Office, Puan County, Qianxinan Prefecture, Guizhou Province	561500
154	Qianxinan	Qinglong sub-branch of Bank of Guizhou Co., Ltd.	Civil Affairs Bureau's Office Building, Lainan Road, Liancheng Town, Qinglong County, Qianxinan Prefecture, Guizhou Province	561400
155	Qianxinan	Wangmo sub-branch of Bank of Guizhou Co., Ltd.	Units 6–9, 1/F, Guanshanyue Hotel, south side of Wangmu Square, Wangmo County, Qianxinan Prefecture, Guizhou Province	552300
156	Qianxinan	Xingren sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Zhenxing Avenue, Donghu Street Office, Xingren, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province	562300

No.	Region	Name of institution	Address of institution	Postal code
157	Qianxinan	Xingyi Mujia sub-branch of Bank of Guizhou Co., Ltd.	Shops 108–113, Block A1, Mujia Goods Wholesales Logistics Town, Xingyi, Qianxinan Prefecture, Guizhou Province	562400
158	Qianxinan	Xingyi Ruijin sub-branch of Bank of Guizhou Co., Ltd.	Shop of 1/F, Chenwenji Complex, Minhang Avenue, Jushan Street Office, Xingyi, Qianxinan Prefecture, Guizhou Province	562400
159	Qianxinan	Zhenfeng sub-branch of Bank of Guizhou Co., Ltd.	Yongfeng Avenue, Mingu Town, Zhenfeng County, Guizhou Province	562200
160	Tongren	Tongren branch of Bank of Guizhou Co., Ltd.	Ancillary Building, Jinjiang Hotel, No. 8 Jinjiang South Road, Tongren, Guizhou Province	554300
161	Tongren	Dejiang sub-branch of Bank of Guizhou Co., Ltd.	No. 4 Wujiang North Road, Qinglong Street, Dejiang County, Tongren, Guizhou Province	565200
162	Tongren	Jiangkou sub-branch of Bank of Guizhou Co., Ltd.	Foguang Road, Shuangjiang Street Office, Jiangkou County, Tongren, Guizhou Province	554400
163	Tongren	Shiqian sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guoji Minghao, Fodingshan South Road, Wenbi Community, Quandu Street Office, Shiqian County, Tongren, Guizhou Province	555100
164	Tongren	Si'nan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Water Resources Bureau Office Building, Guizhou Xinyue Group Shengshi Haoting, Chengbei Street, Si'nan County, Tongren, Guizhou Province	565100
165	Tongren	Songtao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block 1, Zone C, Bingjiang Garden, Qixing Avenue, Liaogao Street Office, Songtao Miao Autonomous County, Tongren, Guizhou Province	554100
166	Tongren	Tongren Bijiang sub-branch of Bank of Guizhou Co., Ltd.	Unit 3, 1/F, Block B, Bandao Haoyuan, No. 19 Nanchangcheng Road, Bijiang District, Tongren, Guizhou Province	554300
167	Tongren	Tongren Dashizi sub-branch of Bank of Guizhou Co., Ltd.	Unit 101–3, Fulin Building, Jiefang Road, Bijiang District, Tongren, Guizhou Province	554300
168	Tongren	Tongren Train Station sub-branch of Bank of Guizhou Co., Ltd.	7#, Planned Zone D, Railway Station Square, Bijiang District, Tongren, Guizhou Province	554300



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
169	Tongren	Tongren Wanshan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block 1, Shuangchuang Industry Zone, Wanshan District, Tongren, Guizhou Province	554300
170	Tongren	Yanhe sub-branch of Bank of Guizhou Co., Ltd.	Tuanjie Avenue, Development Area, Yanhe Tujia Autonomous County, Tongren, Guizhou Province (Opposite to County SAT Bureau)	565300
171	Tongren	Yinjiang sub-branch of Bank of Guizhou Co., Ltd.	Xiyuan Road, Eling Town, Yinjiang Tujia and Miao Autonomous County, Tongren, Guizhou Province (1/F, Commercial & Residential Building, Duowei Guoji)	555200
172	Tongren	Yuping sub-branch of Bank of Guizhou Co., Ltd.	1/F, Yuanda Caizhi Center, Yuping, Maoping New District, Yuping Dong Autonomous County, Tongren, Guizhou Province	554000
173	Zunyi	Zunyi branch of Bank of Guizhou Co., Ltd.	Middle Section of Xiamen Road, Huichuan District, Zunyi, Guizhou Province	563000
174	Zunyi	Zunyi branch Business Department of Bank of Guizhou Co., Ltd.	Middle Section of Xiamen Road, Huichuan District, Zunyi, Guizhou Province	563000
175	Zunyi	Chishui Hongjun Avenue sub-branch of Bank of Guizhou Co., Ltd.	Units 1-9, 1-10 & 1-11, Mingyi Building, "Junhao Town Garden", Hongjun Avenue, Chishui, Zunyi, Guizhou Province	564700
176	Zunyi	Chishui City sub-branch of Bank of Guizhou Co., Ltd.	Shop 8, Jinwei Jiezu, Xiangyang Road, Chishui, Zunyi, Guizhou Province	564700
177	Zunyi	Daozhen sub-branch of Bank of Guizhou Co., Ltd.	Basement 1, Block 1, Linda Yangguang Jiayuan, Zunyi Road, Yuxi Town, Daozhen Mulao and Miao Autonomous County, Zunyi, Guizhou Province	563500
178	Zunyi	Fenggang sub-branch of Bank of Guizhou Co., Ltd.	Xinggangwan Community, Longquan Town, Fenggang County, Zunyi, Guizhou Province	564200
179	Zunyi	Renhuai Guojiu Road sub-branch of Bank of Guizhou Co., Ltd.	No. 6-7 Guojiu Middle Road, Renhuai, Zunyi, Guizhou Province	564500
180	Zunyi	Renhuai Maotai sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Hebin Road, Maotai Town, Renhuai, Zunyi, Guizhou Province	564500



No.	Region	Name of institution	Address of institution	Postal code
181	Zunyi	Renhuai City sub-branch of Bank of Guizhou Co., Ltd.	Commercial & Administrative Complex, Jiudu Xijing Town Garden, east side of Guojiu Avenue, Jiudu New District, Renhuai, Zunyi, Guizhou Province	564500
182	Zunyi	Renhuai City Zhongshu sub-branch of Bank of Guizhou Co., Ltd.	Units 5-8, Block 1, west side of Guojiu South Road, Zhongshu Town Street Office, Renhuai, Zunyi, Guizhou Province	564500
183	Zunyi	Suiyang sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1, 1-2, 1-3, 1-4, 1-15, 1-16, 1-17 & 1-18, Zone K, Group II Project, Phase I of "Luyuan Town Square" Binhe 1st Road, Yangchuan Town, Suiyang County, Zunyi, Guizhou Province	563300
184	Zunyi	Tongzi County Loushan sub-branch of Bank of Guizhou Co., Ltd.	Shops 40, 41 & 42, Central Commercial Town, Shiji Xincheng, South Section of Dongqing Road, Tongzi County, Zunyi, Guizhou Province	563200
185	Zunyi	Tongzi County sub-branch of Bank of Guizhou Co., Ltd.	Block 4, Zone 11, Wenbi Road, Loushanguan Town, Tongzi County, Zunyi, Guizhou Province	563200
186	Zunyi	Wuchuan sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-1-8, 2-1-9 & 2-1-10, 1/F, Block 2, Wuxing Xingang, Dongsheng Avenue, Yangcun Village, Duru Town, Wuchuan Mulao and Miao Autonomous County, Zunyi, Guizhou Province	564300
187	Zunyi	Xishui County Fuxi Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guifu Haoyuan, Fuxi Road, Xishui County, Zunyi, Guizhou Province	564600
188	Zunyi	Xishui County sub-branch of Bank of Guizhou Co., Ltd.	Units 1-13, 1/F, "Huijing Xincheng • Wealth Square", Cross of Ruijin Road and Zunyi Road, Xiancheng West Area, Xishui County, Zunyi, Guizhou Province	564600
189	Zunyi	Yuqing sub-branch of Bank of Guizhou Co., Ltd.	Xinglong Road, Baini Town, Yuqing County, Zunyi, Guizhou Province	564400



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
190	Zunyi	Zheng'an sub-branch of Bank of Guizhou Co., Ltd.	Nos. B-11, B-12 & B-13, Shizishan Relocation Community, Shiji Fuyuan, Tongdu Avenue, Chengdong Area, Fengyi Town, Zheng'an County, Zunyi, Guizhou Province	563400
191	Zunyi	Zunyi Biyun sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-3, Housing Office Alternation, Chengdu Military Region, No. 01-1-08 Biyun Road, Honghuagang District, Zunyi, Guizhou Province	563000
192	Zunyi	Zunyi Bozhou sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-10, 1/F, Block 5, Modern Town Square, Avenue South Section, Bozhou District, Zunyi, Guizhou Province	563100
193	Zunyi	Zunyi Dongxin Avenue sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units 2-11, -2-12 & -2-13, Block D49.50, Zone 4, Group D, Dongxin Caihong Town, Dongxin Avenue, Honghuagang District, Zunyi, Guizhou Province	563000
194	Zunyi	Zunyi Donggongsi sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Huichuan Avenue, Zunyi, Guizhou Province (Huichuan District Governmental Office)	563000
195	Zunyi	Zunyi Court Street sub-branch of Bank of Guizhou Co., Ltd.	Shops B11, B12, B13 & B14, 1/F, Zone B, Longhua Laocheng New Street, Honghuagang District, Zunyi, Guizhou Province	563000
196	Zunyi	Zunyi Goujiang sub-branch of Bank of Guizhou Co., Ltd.	Junction of Dongnan Avenue and Goujiang Avenue, Goujiang Town, Bozhou District, Zunyi, Guizhou Province	563100
197	Zunyi	Zunyi Haier Avenue sub-branch of Bank of Guizhou Co., Ltd.	1/F, Armed Forces Office Building, Haier Avenue, Honghuagang District, Zunyi, Guizhou Province	563000
198	Zunyi	Zunyi Hangtian sub-branch of Bank of Guizhou Co., Ltd.	No. 36 Beijing Road, Honghuagang District, Zunyi, Guizhou Province	563000
199	Zunyi	Zunyi Hexing Avenue sub-branch of Bank of Guizhou Co., Ltd.	Shops B33-1-70 & B33-2-54, Zhongjian • Happiness Town, west side of Hexing Avenue, Xinpu New District, Zunyi, Guizhou Province	563000
200	Zunyi	Zunyi Honghuagang sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Haier Avenue, Honghuagang District, Zunyi, Guizhou Province	563000



No.	Region	Name of institution	Address of institution	Postal code
201	Zunyi	Zunyi Huichuan sub-branch of Bank of Guizhou Co., Ltd.	Haoxin Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province	563000
202	Zunyi	Zunyi Jinshan sub-branch of Bank of Guizhou Co., Ltd.	Shops 17–18, 1/F, East Section of Guangzhou Road, Huichuan District, Zunyi, Guizhou Province	563000
203	Zunyi	Zunyi Lanjiabao sub-branch of Bank of Guizhou Co., Ltd.	Shops 8–9, Block 18, Lanjiabao Community, Honghuagang District, Zunyi, Guizhou Province	563000
204	Zunyi	Zunyi Majiawan sub-branch of Bank of Guizhou Co., Ltd.	No. 262 Tianchi Avenue, Longkeng Street, Bozhou District, Zunyi, Guizhou Province	563100
205	Zunyi	Zunyi Nanbai sub-branch of Bank of Guizhou Co., Ltd.	Shop 2, Block 8, Zone B, Yangguang Garden, Bozhou District, Zunyi, Guizhou Province	563100
206	Zunyi	Zunyi Nangongshan sub-branch of Bank of Guizhou Co., Ltd.	Units 004, 005 & 006, 1/F, Block 5, Zone B, Xinxueyu Southwestern Agricultural Products Trading Center, Zunyi Xiangjiang Industry Zone, Nangan Street Office, Honghuagang District, Zunyi, Guizhou Province	563000
207	Zunyi	Zunyi Nanjing Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Land and Resources Branch, Zunyi Economic-Technological Development Area, Junction of Nanjing Road and Ningbo Road, Huichuan District, Zunyi, Guizhou Province	563000
208	Zunyi	Zunyi Nanzhou Road sub-branch of Bank of Guizhou Co., Ltd.	No. 270 Nanzhou Road, Honghuagang District, Zunyi, Guizhou Province	563000
209	Zunyi	Zunyi Shanghai Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 7 & 8, 1/F, Block B, Phase II of Longquan Changqingting Garden, Shanghai Road, Huichuan District, Zunyi, Guizhou Province	563000
210	Zunyi	Zunyi Shenyang Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 17#, 18# & 19#, Block 60, Tianyang Community, Shenyang Road, Huichuan District, Zunyi, Guizhou Province	563000



APPENDIX: LIST OF BRANCHES AND SUB-BRANCHES

No.	Region	Name of institution	Address of institution	Postal code
211	Zunyi	Zunyi Tianyu sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units 1, 2 & 3, 1/F, Block A, Jingteng Construction Materials Market, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province	563000
212	Zunyi	Zunyi Waihuan Road sub-branch of Bank of Guizhou Co., Ltd.	Unit 4, 1/F, Block Caiyunjian, Dasenxin Town, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province	563000
213	Zunyi	Zunyi Xima Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, Block B, Meilunhuaxiang, Xima Road, Zunyi, Guizhou Province	563000
214	Zunyi	Zunyi Xiazi sub-branch of Bank of Guizhou Co., Ltd.	South side of 1/F, Block 5#, R&D Zone, Xinpu Economic Development Area, Xiazi Town, Honghuagang District, Zunyi, Guizhou Province	563000
215	Zunyi	Zunyi Hong Kong Road sub-branch of Bank of Guizhou Co., Ltd.	Baoli Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province	563000
216	Zunyi	Zunyi Xiangjiang Avenue sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Branch Line of Xiangjiang Avenue, Honghuagang District, Zunyi, Guizhou Province	563000
217	Zunyi	Zunyi Xinhua sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54–56 Xinhua Road, Honghuagang District, Zunyi, Guizhou Province	563000
218	Zunyi	Zunyi Yinghong Bridge sub-branch of Bank of Guizhou Co., Ltd.	Unit 1–392, 1/F, Phase I Podium, Zone A, Zhongtian Wanli Xiangjiang, Wanli Road, Honghuagang District, Zunyi, Guizhou Province	563000
219	Zunyi	Zunyi Zhongbei sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8 & 9, 1/F, Family Dormitory Building, Dongjiu Factory, Zhonghua North Road, Honghuagang District, Zunyi, Guizhou Province	563000
220	Zunyi	Zunyi Zhongnan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 84–88 Zhonghua South Road, Honghuagang District, Zunyi, Guizhou Province	563000
221	Zunyi	Meitan County sub-branch of Bank of Guizhou Co., Ltd.	Shops 3, 4, 5, 6, 7 & 8, Old Town (Shanty Town) Alternation Project, Former Industry and Commerce Bureau Area, Meitan County, Zunyi, Guizhou Province	564100
222	Zunyi	Meitan County Zunyihong Road sub-branch of Bank of Guizhou Co., Ltd.	Units 2–2-14, 2–2-15 & 2–2-16, 2/F, Block 2, Meijiang Haoyuan (Podium), Zunyihong Road, Meijiang Town, Meitan County, Zunyi, Guizhou Province	564100



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