



JIANGXI BANK CO., LTD.

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

Interim Report 2020

江西銀行
JIANGXI BANK



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

CHAPTER I COMPANY PROFILE

1.1 BASIC INFORMATION

Statutory Chinese name of the Company:	江西銀行股份有限公司*
Statutory English name of the Company:	JIANGXI BANK CO., LTD.*
Legal representative:	CHEN Xiaoming
Authorized representatives:	CHEN Xiaoming, NGAI Wai Fung
Secretary of the Board of Directors:	XU Jihong
Joint company secretaries:	XU Jihong, NGAI Wai Fung
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB6,024,276,901
Registered and office address:	Jiangxi Bank Tower, No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC
Principal place of business in Hong Kong:	40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wan Chai, Hong Kong
Contact number:	+86-791-86791008/+86-791-86791009
Fax:	+86-791-86771100
Website of the Bank:	www.jx-bank.com (the contents of the website do not form a part of this report)
Service hotline:	+86-956055
Domestic auditor:	KPMG Huazhen LLP
International auditor:	KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Legal advisor in mainland China:	Zhong Lun Law Firm
Legal advisor in Hong Kong:	Clifford Chance
Stock exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Domestic Shares custodian:	China Securities Depository and Clearing Corporation Limited

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



CHAPTER I COMPANY PROFILE

1.2 MAJOR AWARDS IN THE FIRST HALF OF 2020

In January 2020, the Bank was awarded the honorary title of “Top 300 in Inter-bank Domestic Currency Market Transaction of 2019”, “Core Trader in Inter-bank Domestic Currency Market of 2019” and “Outstanding Trader in Currency Market of 2019” by China Foreign Exchange Trade System & National Interbank Funding Centre.

In January 2020, the Bank was awarded the honorary title of “Top 100 in China Bond Clearing for 2019”, “Excellent Proprietary Institution” and “Bond Business Advance Institution Awards” by China Central Depository & Clearing Co., Ltd.

In February 2020, the Bank was awarded the honorary title of “Excellent City Commercial Bank” for banking wealth management information registration of 2019 by China Banking Wealth Management Registration & Depository Co., Ltd. (銀行業理財登記託管中心有限公司).

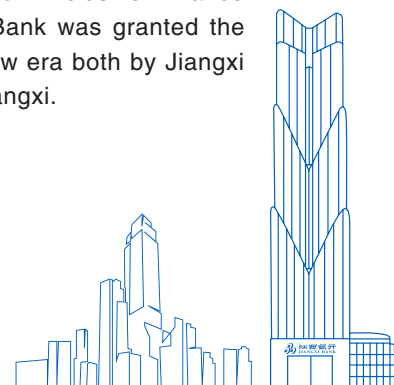
In March 2020, the Bank ranked 35th among the “Top 100 Banks in China’s Banking Industry of 2019” released by China Banking Association.

In June 2020, in the assessment for protection of financial consumers’ interest of financial institution in Jiangxi Province in 2019 by the Nanchang Central Sub-branch Office of the People’s Bank of China, the Bank was awarded the Grade A rating for protection of financial consumers’ interest of financial institution in Jiangxi Province in 2019.

In June 2020, the Bank was granted the title of “Enterprises Contributing to the Combat against COVID-19” by 13 units including Department of Industry and Information Technology of Jiangxi Province, Jiangxi Development and Reform Commission, Jiangxi Education Department, Science and Technology Department of Jiangxi Province, Department of Housing and Urban-Rural Development of Jiangxi Province, Department of Transportation of Jiangxi Province, Department of Agriculture and Rural Affairs of Jiangxi Province, Department of Commerce of Jiangxi Province, Cultural and Tourism Department of Jiangxi Province, State-owned Assets Supervision and Administration Commission of Jiangxi Province, Financial Supervisory Authority of Jiangxi Province, Jiangxi Federation of Industry and Commerce, Jiangxi Provincial Postal Administration.

In June 2020, the Bank was rated as an “Outstanding Unit in Green Credit among All Provincial Banking Institutions in 2019” by China Insurance Regulatory Commission Jiangxi Bureau.

In July 2020, the Bank was granted 2019 Outstanding Contribution Award for “Inclusive Finance Contribution” in the new era and the Small-Enterprise Credit Center of the Bank was granted the title of Outstanding Unit for 2019 for “Inclusive Finance Contribution” in the new era both by Jiangxi Financial Union, Jiangxi Banking Association, and Insurance Association of Jiangxi.

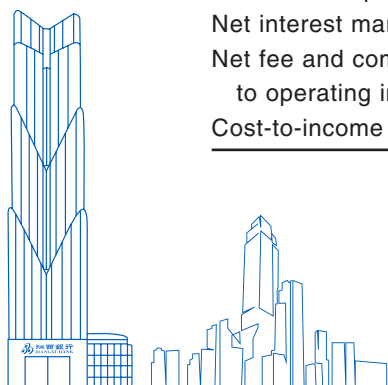


CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

2.1 FINANCIAL DATA

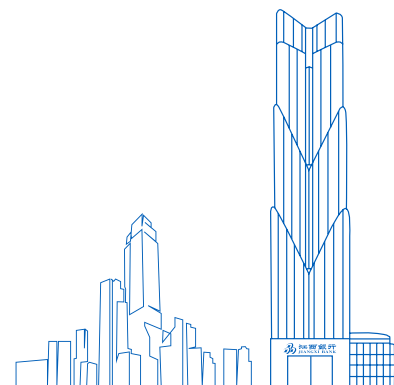
The financial information set out in this interim report has been prepared on a combined basis in accordance with the International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	For the six months ended June 30,		2020 compared to 2019
	2020	2019	
(in millions of RMB, unless otherwise stated)			
Operating results			Change rate (%)
Net interest income	4,838.57	5,209.46	(7.12)
Net fee and commission income	342.59	304.29	12.59
Operating income	5,828.67	6,386.57	(8.74)
Operating expenses	(1,462.76)	(1,530.84)	(4.45)
Impairment losses on assets	(2,722.46)	(2,559.07)	6.38
Profit before taxation	1,645.71	2,296.76	(28.35)
Profit for the period	1,282.38	1,670.33	(23.23)
Profit attributable to equity Shareholders of the Bank	1,256.20	1,642.47	(23.52)
Per share (in RMB)			Change rate (%)
Net assets per share attributable to equity Shareholders of the Bank	5.81	5.64	3.01
Basic and diluted earnings per share	0.21	0.27	(22.22)
Indicators for profitability (%)			Change
Average return on total assets ⁽¹⁾	0.56%	0.77%	(0.21%)
Average return on equity ⁽²⁾	7.24%	9.92%	(2.68%)
Net interest spread ⁽³⁾	2.30%	2.68%	(0.38%)
Net interest margin ⁽⁴⁾	2.30%	2.67%	(0.37%)
Net fee and commission income to operating income	5.88%	4.76%	1.12%
Cost-to-income ratio ⁽⁵⁾	23.97%	23.03%	0.94%



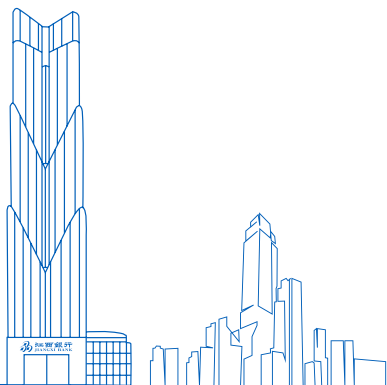
CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

	As of June 30, 2020	As of December 31, 2019	The first half of 2020 compared to the end of 2019
(in millions of RMB, unless otherwise stated)			
Indicators for volume			Change rate (%)
Total assets	463,826.33	456,118.53	1.69
Including: net loans and advances to customers	208,649.73	202,989.37	2.79
Total liabilities	428,185.04	421,030.83	1.70
Including: deposits from customers	303,863.70	284,548.91	6.79
Share capital	6,024.28	6,024.28	–
Equity attributable to Shareholders of the Bank	34,983.67	34,456.26	1.53
Non-controlling interests	657.62	631.44	4.15
Total equity	35,641.29	35,087.70	1.58
Indicators for quality of assets (%)			Change
Non-performing loans ratio	2.87%	2.26%	0.61%
Provision coverage ratio ⁽⁶⁾	150.30%	165.65%	(15.35%)
Provision ratio of loans ⁽⁷⁾	4.31%	3.74%	0.57%
Indicators for capital adequacy ratio (%)			Change
Core tier-one capital adequacy ratio	10.02%	9.96%	0.06%
Tier-one capital adequacy ratio	10.03%	9.97%	0.06%
Capital adequacy ratio	12.69%	12.63%	0.06%
Total equity to total assets	7.68%	7.69%	(0.01%)
Other indicators (%)			Change
Liquidity coverage ratio	298.37%	205.12%	93.25%
Liquidity ratio	67.88%	58.74%	9.14%
Loan-to-deposit ratio	71.51%	73.81%	(2.30%)



CHAPTER II SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

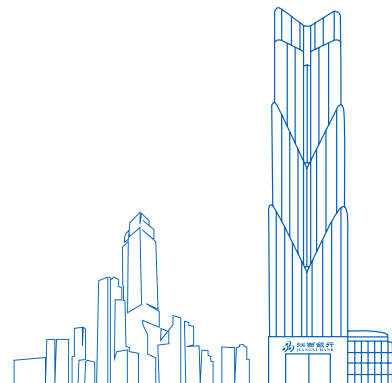
3.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, in the face of the severe risks and challenges brought about by the COVID-19, China's economy gradually overcame the adverse effects of the pandemic and steadily recovered from the downturn. According to National Bureau of Statistics, in the first half of 2020, China's GDP was RMB45.6614 trillion, representing a year-on-year decrease of 1.6%. Among them, GDP was down 6.8% year on year in the first quarter but up 3.2% year on year in the second quarter. The economic growth rate turned from negative to positive, and the economy picked up rapidly overall. As of the end of the Reporting Period, the balance of broad money (M_2) was RMB213.49 trillion, representing a year-on-year increase of 11.1%; the balance of loans in domestic currency was RMB165.2 trillion, up by 13.2% year on year; the balance of deposits in domestic currency was RMB207.48 trillion, representing a year-on-year growth of 10.6%; and the aggregate financing to the real economy (stock) was RMB271.8 trillion, up by 12.8% year on year.

During the Reporting Period, the economy of Jiangxi Province of China where the Bank operates its principal business withstood the impact of the pandemic and accelerated its recovery to normal. The economic operation tended to be stable with the foundation being continuously consolidated. In the first half of 2020, the GDP of Jiangxi Province was up 0.9% year on year from a 3.8% decrease in the first quarter to a positive growth; and the value added of industrial enterprises above designated size, exports, and investments in fixed assets increased by 1.0%, 25.8%, and 5.8%, up 7.1, 14.2, and 10.1 percentage points from the first quarter respectively.

3.2 GENERAL OPERATION SUMMARY

During the Reporting Period, in the midst of a complex economic and financial situation and increasingly fierce market competition, Jiangxi Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. In line with the decision and planning of the Jiangxi Provincial Party Committee and Provincial Government, and in compliance with the regulatory requirements of the higher level, Jiangxi Bank dedicated itself to ensuring stability on six fronts and maintaining security in six areas and made coordinated work to focus on rectification, control risks, improve quality and efficiency, and promote development. Thanks to these efforts, a stable operation was achieved overall.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

1 Continuous Optimization of the Structure of Assets and Liabilities

First, the growth in deposits was solid and steady. As of the end of the Reporting Period, the total deposits from customers of the Group exceeded RMB300 billion, reaching RMB303.864 billion, representing an increase of RMB19.315 billion, or 6.79%, compared with the end of last year. **Second, the proportion of loans increased continuously.** As of the end of the Reporting Period, the total loans and advances to customers granted by the Group exceeded RMB200 billion, amounting to RMB217.305 billion, accounting for 46.85% of the total assets, representing an increase of 0.81 percentage points as compared to the end of last year.

2 Improved Service Capability

The first is to make proactive efforts to support the prevention and controlling of virus. The Bank has provided robust financial support for the companies manufacturing virus prevention materials to help them resume work and production as well as expand their operation capacity. As at the end of the Reporting Period, the Bank has supported 271 enterprises fighting against virus with RMB7.171 billion. **The second is to give full support to “Six Stabilizations” and “Six Guarantees”.** 22 pieces of measures have been introduced in a timely manner to realize “Six Stabilizations” and implement the policies of “Six Guarantees”. A group focusing on stabilizing companies and employment has been set up. The Bank also organized activities to advocate financial policies, promoted small- and micro-platforms, held almost 100 events aimed to connect banks with companies, fully engaged in the “One-Ten-Hundred-Thousand” activity. **The third is to give full support bond issuance by enterprises.** In the first half of the year, the Bank had underwritten a total of 12 non-financial corporate debt financing instruments, representing an increase of 500% year on year, serving 9 issuers; the Bank had underwritten financing instruments of non-financial corporate debt securities of RMB3.199 billion, representing an increase of 120.62% over the same period last year, continuing ranking the first among the same batch of new underwriters.

3 Steady Improvements of Quality and Efficiency of Management

First, we implemented more refined financial management. In the first half of the year, the Group’s operating income was RMB1.463 billion, representing a year-on-year decrease of RMB68.0 million or 4.45%. Second, we provided more targeted technological support. We actively carried out research for the blockchain business, worked out schemes for upgrading the “Cloud Enterprise Chain” business, and continued to optimize the WeBank platform and Jiangxi Bank Micro Shop with the combination of marketing and distribution. Third, we conducted adequate audit supervision. A total of 41 audit projects were carried out in the first half of 2020. The Bank continued to control the overall situation, focus on key points, and improve audit efficiency. Fourth, we implemented more scientific risk control and management. We optimized the credit control mechanism, applied strict control over granting of new credits, launched retail assessment and optimization projects, and improved the big data risk monitoring capacity.

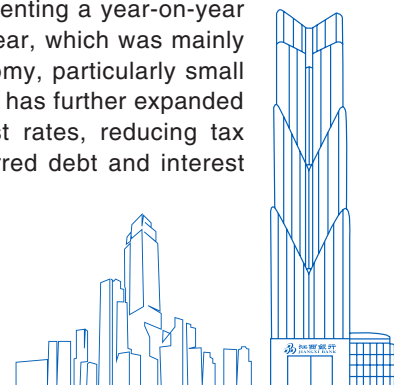


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3 PROFIT STATEMENT ANALYSIS

	For the six months ended June 30,			
	2020	2019	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Interest income	10,149.13	9,935.36	213.77	2.15
Interest expense	(5,310.56)	(4,725.90)	(584.66)	12.37
Net interest income	4,838.57	5,209.46	(370.89)	(7.12)
Fee and commission income	446.68	594.59	(147.91)	(24.88)
Fee and commission expense	(104.09)	(290.30)	186.21	(64.14)
Net fee and commission income	342.59	304.29	38.30	12.59
Net trading gains	29.10	79.56	(50.46)	(63.42)
Net gains arising from financial investments	596.74	754.97	(158.23)	(20.96)
Other operating income	21.67	38.29	(16.62)	(43.41)
Operating income	5,828.67	6,386.57	(557.90)	(8.74)
Operating expenses	(1,462.76)	(1,530.84)	68.08	(4.45)
Impairment losses on assets	(2,722.46)	(2,559.07)	(163.39)	6.38
Share of profits of associates	2.26	0.10	2.16	2,160.00
Profit before taxation	1,645.71	2,296.76	(651.05)	(28.35)
Income tax expense	(363.33)	(626.43)	263.10	(42.00)
Profit for the period	1,282.38	1,670.33	(387.95)	(23.23)
Net profit attributable to equity				
Shareholders of the Bank	1,256.20	1,642.47	(386.27)	(23.52)
Non-controlling interests	26.18	27.86	(1.68)	(6.03)

In the first half of 2020, the Group realized RMB1.646 billion in profit before taxation, representing a year-on-year decrease of 28.35%, and RMB1.282 billion in net profit, representing a year-on-year decrease of 23.23%, accounting for 60.80% of the full-year net profit of last year, which was mainly because the Group responded to the national call of benefiting the real economy, particularly small and micro enterprises. Since the outbreak of the COVID-19 this year, the Group has further expanded support for enterprises by taking such measures as adopting lower interest rates, reducing tax on enterprises and allowing them to retain more profits, and permitting deferred debt and interest payments, to help enterprises tide over difficulties.



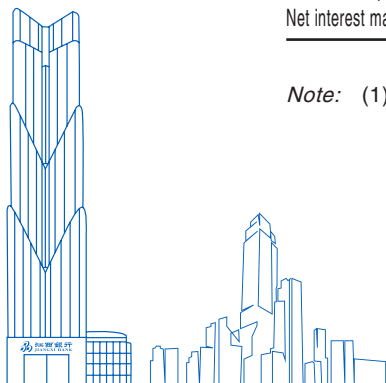
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2020, the Group achieved net interest income of RMB4.839 billion, representing a year-on-year decrease of RMB0.371 billion, or 7.12%. The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, the average rate of return on interest-bearing assets, and the average cost rate of interest-bearing liabilities for the periods indicated.

	For the six months ended June 30,					
	2020	Average		2019	Average	
	Average balance	Interest income/expense	annualized yield/cost ratio (%)	Average balance	Interest income/expense	annualized yield/cost ratio (%)
(in millions of RMB, unless otherwise stated)						
Interest-bearing assets						
Loans and advances to customers	212,603.10	5,920.05	5.56%	184,728.90	5,652.34	6.12%
Financial investments	152,402.07	3,831.40	5.02%	152,455.01	3,790.08	4.97%
Deposits with the Central Bank	33,563.99	242.26	1.44%	28,710.06	221.05	1.54%
Deposits with banks and other financial institutions	2,561.55	4.81	0.38%	2,379.33	19.93	1.68%
Financial assets held under resale agreements	17,483.03	126.93	1.46%	17,784.41	198.32	2.23%
Placements with banks and other financial institutions	2,964.23	23.68	1.60%	4,687.55	53.64	2.29%
Total interest-bearing assets	421,577.97	10,149.13	4.82%	390,745.26	9,935.36	5.09%
Interest-bearing liabilities						
Deposits from customers	290,865.46	3,383.31	2.32%	257,531.59	2,410.35	1.87%
Deposits from banks and other financial institutions	26,044.41	422.65	3.24%	38,954.32	647.77	3.33%
Borrowing from the Central Bank ⁽¹⁾	10,957.25	144.85	2.64%	2,937.52	43.81	2.98%
Placements from banks and other financial institutions	4,344.45	61.53	2.84%	5,727.68	96.54	3.37%
Financial assets sold under repurchase agreements	17,364.67	126.71	1.46%	17,501.63	184.51	2.11%
Debt securities issued	56,091.97	908.69	3.24%	58,378.30	1,078.09	3.69%
Borrowing from other financial institutions	16,456.54	262.82	3.20%	11,258.45	264.83	4.70%
Total interest-bearing liabilities	422,124.75	5,310.56	2.52%	392,289.49	4,725.90	2.41%
Net interest income		4,838.57			5,209.46	
Net interest spread		2.30%			2.68%	
Net interest margin		2.30%			2.67%	

Note: (1) Includes bill rediscounted business.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended June 30, Compared 2020 with 2019		
	Reasons for increase/(decrease)		Net increase/ (decrease) ⁽³⁾
	Volume ⁽¹⁾	Interest rate ⁽²⁾	
(in millions of RMB)			
Interest-bearing assets			
Loans and advances to customers	852.90	(585.19)	267.71
Financial investments	(1.32)	42.64	41.32
Deposits with the Central Bank	37.37	(16.16)	21.21
Deposits with banks and other financial institutions	1.53	(16.65)	(15.12)
Financial assets held under resale agreements	(3.36)	(68.03)	(71.39)
Placements with banks and other financial institutions	(19.72)	(10.24)	(29.96)
Changes in interest income	783.97	(570.20)	213.77
Interest-bearing liabilities			
Deposits from customers	311.99	660.97	972.96
Deposits from banks and other financial institutions	(214.68)	(10.44)	(225.12)
Borrowing from the Central Bank ⁽⁴⁾	119.61	(18.57)	101.04
Placements from banks and other financial institutions	(23.31)	(11.70)	(35.01)
Financial assets sold under repurchase agreements	(1.44)	(56.36)	(57.80)
Debt securities issued	(42.22)	(127.18)	(169.40)
Borrowing from other financial institutions	122.27	(124.28)	(2.01)
Changes in interest expense	359.42	225.24	584.66

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

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

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

(4) Includes bill rediscounted business.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3.2 Interest Income

In the first half of 2020, the Group achieved interest income of RMB10.149 billion, representing a year-on-year increase of RMB214 million, or 2.15%. The increase in interest income was mainly due to the increase in the Group's loans and advances to customers, resulting in an increase of 7.89% in the average balance of the Group's interest-bearing assets from RMB390.745 billion for the six months ended June 30, 2019 to RMB421.578 billion for the six months ended June 30, 2020.

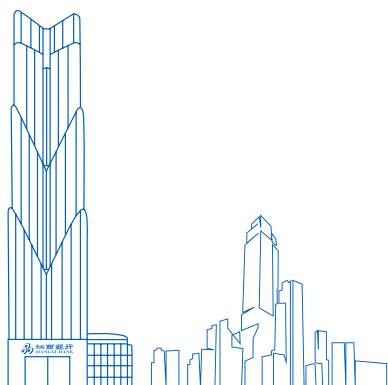
1 Interest income from loans and advances to customers

In the first half of 2020, the Group achieved interest income of loans and advances to customers of RMB5.920 billion, representing a year-on-year increase of RMB268 million, or 4.74%. The main reason was that the average balance of the Group's loans and advances to customers increased from RMB184.729 billion in the first half of 2019 to RMB212.603 billion in the first half of 2020.

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

	For the six months ended June 30,					
	Average balance	2020 Interest income	Average yield	Average balance	2019 Interest income	Average yield
Corporate loans and advances ⁽¹⁾	136,009.20	3,844.76	5.66%	112,165.85	3,218.81	5.74%
Personal loans and advances	76,593.90	2,075.29	5.42%	72,563.05	2,433.53	6.71%
Total	212,603.10	5,920.05	5.56%	184,728.90	5,652.34	6.12%

Note: (1) Includes bills discounting business.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 *Interest income from financial investments*

In the first half of 2020, the Group's interest income from financial investments amounted to RMB3.831 billion, representing a year-on-year increase of RMB41 million, or 1.09%. The increase in interest income was mainly due to an increase in the average yield ratio of financial investments in the first half of 2020 over the same period of last year.

3 *Interest income from deposits with the Central Bank*

In the first half of 2020, the Group's interest income from deposits with the Central Bank was RMB242 million, representing a year-on-year increase of RMB21 million, or 9.60%, which was mainly due to the increase of RMB4.854 billion in the average balance of deposits with the Central Bank in the first half of 2020 over the same period of the previous year.

4 *Interest income from deposits with banks and other financial institutions*

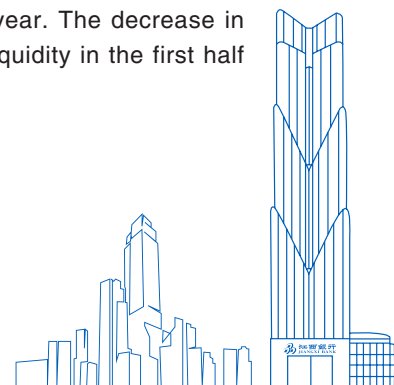
In the first half of 2020, the Group's interest income of deposits with banks and other financial institutions was RMB5 million, representing a year-on-year decrease of RMB15 million, or 75.87%. It was mainly because the Group's investment and financing deposits with banks and other financial institutions expired in the second half of 2019.

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

In the first half of 2020, the Group's interest income from placements with banks and other financial institutions was RMB24 million, representing a year-on-year decrease of RMB30 million, or 55.85%. It was primarily due to a decrease of RMB1.723 billion in the average balance of the placements with banks and other financial institutions in the first half of 2020 as compared with the same period of last year, and the decrease of 0.69 percentage point in the average yield ratio as compared with the same period of last year.

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

In the first half of 2020, the Group's interest income from financial assets held under resale agreements amounted to RMB127 million, representing a year-on-year decrease of RMB71 million, or 36.00%. It was primarily due to a decrease of 0.77 percentage point in the average yield ratio of the financial assets held under resale agreements in the first half of 2020 as compared with the same period of last year. The decrease in the average yield ratio was mainly due to the abundant market liquidity in the first half of 2020 and the decline of overall market interest rate.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

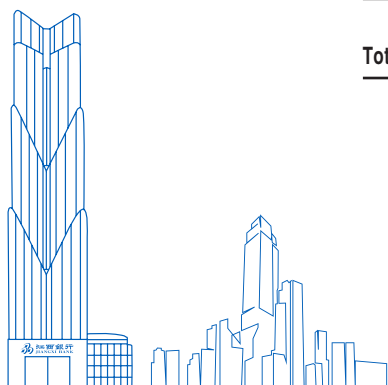
3.3.3 Interest Expense

In the first half of 2020, the Group achieved interest expense of RMB5.311 billion, representing a year-on-year increase of RMB585 million, or 12.37%. The increase in the interest expense was primarily attributable to the increase in the Group's deposits from customers, resulting in an increase in the average balance of the Group's interest-bearing liabilities from RMB392.289 billion for the six months ended June 30, 2019 to RMB422.125 billion for the six months ended June 30, 2020, increasing by 7.61%. The increase in the average cost ratio of interest-bearing liabilities was primarily due to the increase in the average cost ratio of deposits from customers in the first half of 2020.

1 Interest expense on deposits from customers

In the first half of 2020, the Group's interest expense on deposits from customers was RMB3.383 billion, representing a year-on-year increase of RMB973 million, or 40.37%, which was primarily attributable to the increase of RMB33.334 billion in the average balance of deposits from customers in the first half of 2020 compared with the same period of last year, and the increase of 0.45 percentage point in the average cost ratio as compared with the same period of last year.

	For the six months ended June 30,					
	Average balance	2020 Interest expense	Average cost ratio	Average balance	2019 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	111,284.04	692.24	1.24%	110,432.17	584.25	1.06%
Time	86,813.77	1,269.42	2.92%	75,235.86	936.69	2.49%
Sub-total	198,097.81	1,961.66	1.98%	185,668.03	1,520.94	1.64%
Personal deposits						
Demand	21,094.97	64.67	0.62%	18,864.77	31.03	0.33%
Time	71,672.68	1,356.98	3.78%	52,998.79	858.38	3.24%
Sub-total	92,767.65	1,421.65	3.06%	71,863.56	889.41	2.48%
Total	290,865.46	3,383.31	2.32%	257,531.59	2,410.35	1.87%



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Interest expense on deposits from banks and other financial institutions

In the first half of 2020, the Group's interest expense on deposit from banks and other financial institutions was RMB423 million, representing a year-on-year decrease of RMB225 million, or 34.75%. This was mainly due to the decrease of the Group's average balance of deposits from banks and other financial institutions from RMB38.954 billion in the first half of 2019 to RMB26.044 billion in the first half of 2020.

3 Interest expense on debt securities issued

In the first half of 2020, the Group's interest expense on debt securities issued was RMB909 million, representing a year-on-year decrease of RMB169 million, or 15.71%. It was mainly due to the decrease in the average cost ratio of debt securities issued from 3.69% in the first half of 2019 to 3.24% in the first half of 2020, and the decrease in the average balance from RMB58.378 billion in the first half of 2019 to RMB56.092 billion in the first half of 2020. The decrease of the average cost ratio of related liabilities was mainly affected by the drop of market capital prices.

4 Interest expense on borrowing from the Central Bank

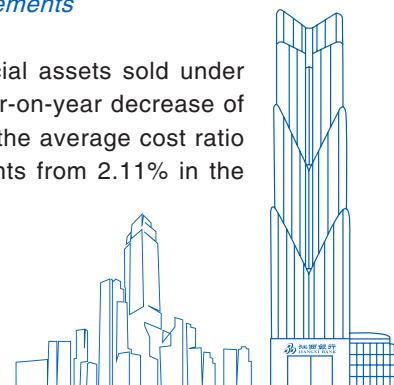
In the first half of 2020, the Group's interest expense on borrowing from the Central Bank was RMB145 million, representing a year-on-year increase of RMB101 million, or 230.63%. It was mainly due to the increase of RMB8.020 billion in the average balance of the Group's borrowing from the Central Bank in 2020 compared with the same period of last year. The increase in the average balance was mainly due to the issuance of special re-loan funds by the Central Bank during the epidemic of the first half of 2020 to support the resumption of work and production of enterprises.

5 Interest expense on placements from banks and other financial institutions

In the first half of 2020, the Group's interest expense on placements from banks and other financial institutions was RMB62 million, representing a year-on-year decrease of RMB35 million, or 36.26%. It was mainly due to the decrease of the average balance of the Group's placements from banks and other financial institutions from RMB5.728 billion in the first half of 2019 to RMB4.344 billion in the first half of 2020, and the decrease in the average cost ratio of placements from banks and other financial institutions from 3.37% in the first half of 2019 to 2.84% in the first half of 2020.

6 Interest expense on financial assets sold under repurchase agreements

In the first half of 2020, the Group's interest expense on financial assets sold under repurchase agreements was RMB127 million, representing a year-on-year decrease of RMB58 million, or 31.33%. It was mainly due to the decrease in the average cost ratio of the Group's financial assets sold under repurchase agreements from 2.11% in the first half of 2019 to 1.46% in the first half of 2020.



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3.3.4 Non-interest Income

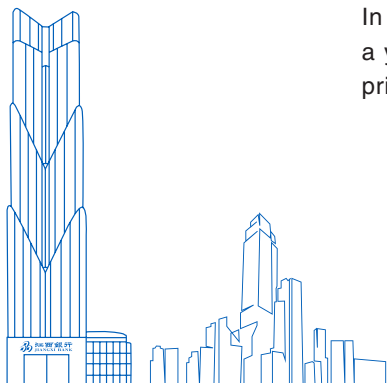
1 Net fee and commission income

In the first half of 2020, the Group's realized a net fee and commission income of RMB343 million, representing a year-on-year increase of RMB38 million, or 12.59%, which was primarily due to the decrease in online loans of the Group and decrease in service fees from platform cooperation compared with the same period of last year.

	For the six months ended June 30,			
	2020	2019	Amount of change	Change rate (%)
(in millions of RMB, unless otherwise stated)				
Fee and commission income	446.68	594.59	(147.91)	(24.88)
Agency and custody service fees	164.37	242.06	(77.69)	(32.10)
Bank card service fees	98.23	104.84	(6.61)	(6.30)
Acceptance and guarantee service fees	82.28	26.17	56.11	214.41
Financial leasing service fees	55.19	148.90	(93.71)	(62.93)
Settlement and electronic channel business fees	34.63	56.28	(21.65)	(38.47)
Advisory and consulting fees	10.37	16.23	(5.86)	(36.11)
Others	1.61	0.11	1.50	1,363.64
Fee and commission expense	(104.09)	(290.30)	186.21	(64.14)
Platform cooperation fees	(40.80)	(239.10)	198.30	(82.94)
Financial leasing service fees	(27.38)	(7.45)	(19.93)	267.52
Settlement and clearing fees	(18.49)	(26.58)	8.09	(30.44)
Transaction fees	(16.98)	(16.99)	0.01	(0.06)
Others	(0.44)	(0.18)	(0.26)	144.44
Net fee and commission income	342.59	304.29	38.30	12.59

2 Net trading gains

In the first half of 2020, the Group's net trading gains were RMB29 million, representing a year-on-year decrease of RMB50 million, which was mainly due to fluctuations in the price in debt securities market.



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3 Net gains arising from financial investments

In the first half of 2020, the Group's net gains arising from financial investments were RMB597 million, representing a year-on-year decrease of RMB158 million, or 20.96%, which was mainly due to the decrease in proceeds from disposal and fair value of financial investments at fair value through profit or loss in the first half of 2020.

4 Other operating income

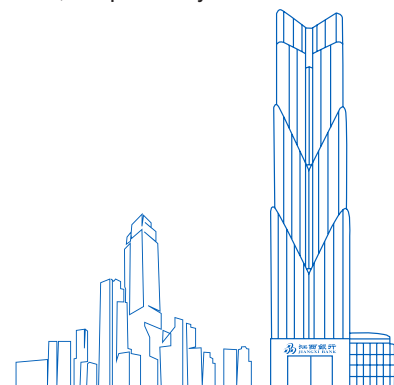
In the first half of 2020, the Group's other operating income was RMB22 million, representing a year-on-year decrease of RMB17 million, or 43.41%, which was mainly due to the decrease of government grants in the first half of 2020.

3.3.5 Operating Expenses

In the first half of 2020, the Group's operating expenses were RMB1.463 billion, representing a year-on-year decrease of RMB68 million, or 4.45%.

	For the six months ended June 30,			
	2020	2019	Amount of change	Change rate
	(in millions of RMB, unless otherwise stated)			
Staff costs	855.03	762.73	92.30	12.10
Depreciation and amortization	254.86	260.05	(5.19)	(2.00)
Tax and surcharges	65.46	60.11	5.35	8.90
Interest expense on lease liabilities	24.58	26.77	(2.19)	(8.18)
Rental and property management expenses	8.44	51.98	(43.54)	(83.76)
Other general and administrative expenses	254.39	369.20	(114.81)	(31.10)
Total operating expenses	1,462.76	1,530.84	(68.08)	(4.45)

Staff costs are the largest component of the Group's operating expenses, accounting for 58.45% and 49.82% of the total operating expenses in the first half of 2019 and 2020, respectively.

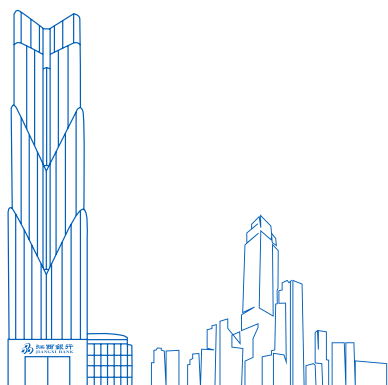


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The following table sets forth the components of the Group's staff costs for the periods indicated.

	For the six months ended June 30,			Change rate(%)
	2020	2019	Amount of change	
(in millions of RMB, unless otherwise stated)				
Staff costs				
Salaries, bonuses and allowances	667.17	552.58	114.59	20.74
Social insurance and supplementary retirement benefits	66.11	115.52	(49.41)	(42.77)
Housing fund	50.65	43.22	7.43	17.19
Staff welfare	34.35	36.80	(2.45)	(6.66)
Employee education expenses and labor union expenses	25.96	12.13	13.83	114.01
Others	10.79	2.48	8.31	335.08
Total	855.03	762.73	92.30	12.10

In the first half of 2020, the Group's staff costs were RMB855 million, representing a year-on-year increase of RMB92 million, or 12.10%. It was mainly due to the increase in the average number of staff and the job adjustments of the Group as well as the rise in social average salary.



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3.3.6 Impairment Losses on Assets

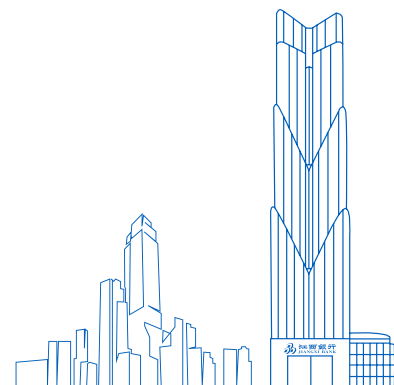
In the first half of 2020, the Group's impairment losses on assets were RMB2.722 billion, representing a year-on-year increase of RMB163 million, or 6.38%. It was mainly due to the increase in the impairment losses on loans and advances to customers to consolidate the foundation to improve risk-resistance capacity of the Group.

	For the six months ended June 30,			Change rate (%)
	2020	2019	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	2,236.31	1,625.54	610.77	37.57
Financial investments	313.42	969.23	(655.81)	(67.66)
Others	172.73	(35.70)	208.43	(583.84)
Total	2,722.46	2,559.07	163.39	6.38

3.3.7 Income Tax Expense

In the first half of 2020, the Group's income tax expense was RMB363 million, representing a year-on-year decrease of RMB263 million, or 42.00%. It was mainly due to the decrease in the Group's profit before taxation and the year-on-year increase of non-taxable income.

	For the six months ended June 30,			Change rate (%)
	2020	2019	Amount of change	
	(in millions of RMB, unless otherwise stated)			
Current tax	903.06	838.62	64.44	7.68
Tax filing differences	75.09	70.06	5.03	7.18
Changes in deferred tax	(614.82)	(282.25)	(332.57)	117.83
Total	363.33	626.43	(263.10)	(42.00)



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

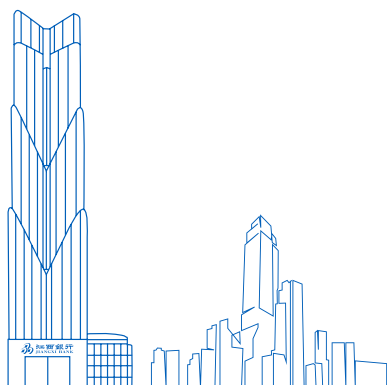
3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

3.4.1 Assets

As of June 30, 2020, the total assets of the Group amounted to RMB463.826 billion, representing an increase of RMB7.708 billion, or 1.69% as compared with the end of the previous year. The increase in the total assets was mainly due to the increase in Group's total loans and advances to customers and financial investments.

	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	217,304.52		210,017.13	
Loans and advances to customers accrued interest	659.87		765.60	
Allowances for impairment losses on loans and advances to customers	(9,314.66)		(7,793.36)	
Net loans and advances to customers	208,649.73	44.99	202,989.37	44.50
Financial investments	194,644.46	41.96	189,577.67	41.56
Cash and deposits with the Central Bank	35,062.58	7.56	38,810.81	8.51
Deposits with banks and other financial institutions	2,054.62	0.44	1,997.57	0.44
Financial assets held under resale agreements	7,995.56	1.72	6,833.74	1.50
Placements with banks and other financial institutions	4,501.13	0.97	6,301.91	1.38
Other assets ⁽¹⁾	10,918.25	2.36	9,607.46	2.11
Total assets	463,826.33	100.00	456,118.53	100.00

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



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1 *Loans and advances to customers*

As of June 30, 2020, the Group's loans and advances to customers amounted to RMB217.305 billion, representing an increase of RMB7.287 billion, or 3.47% as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

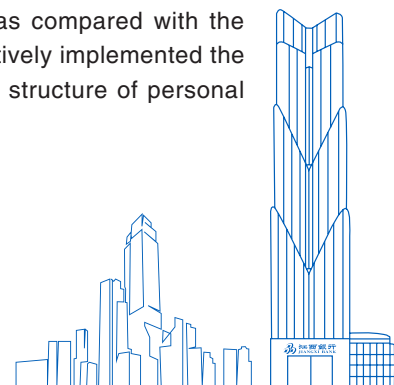
	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	117,443.44	54.05	112,289.37	53.47
Personal loans and advances	75,357.51	34.68	80,727.54	38.44
Sub-total	192,800.95	88.73	193,016.91	91.91
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	1,180.44	0.54	1,552.49	0.74
Discounted bills	23,323.13	10.73	15,447.73	7.35
Sub-total	24,503.57	11.27	17,000.22	8.09
Gross loans and advances to customers	217,304.52	100.00	210,017.13	100.00

Corporate loans and advances

As of June 30, 2020, the Group's corporate loans and advances (discounted bills inclusive) amounted to RMB141.947 billion, representing an increase of RMB12.657 billion, or 9.79% as compared with the end of the previous year, which was mainly due to the expansion of the Group's corporate credit business.

Personal loans and advances

As of June 30, 2020, the Group's personal loans and advances amounted to RMB75.358 billion, representing a decrease of RMB5.370 billion, or 6.65% as compared with the end of the previous year, which was mainly because the Group actively implemented the regulatory requirements, effectively controlled risks, adjusted the structure of personal loans, and reduced the scale of platform consumer loans.

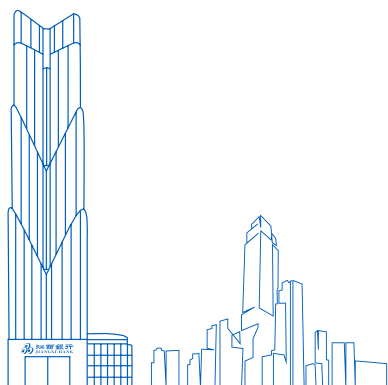


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Financial investments

As of June 30, 2020, the Group's balance of financial investments amounted to RMB194.644 billion, representing an increase of RMB5.067 billion, or 2.67% as compared with the end of the previous year. The increase in such assets of the Group in the first half of 2020 was mainly due to the Group's adjustment in investment structure and optimization of investment portfolio.

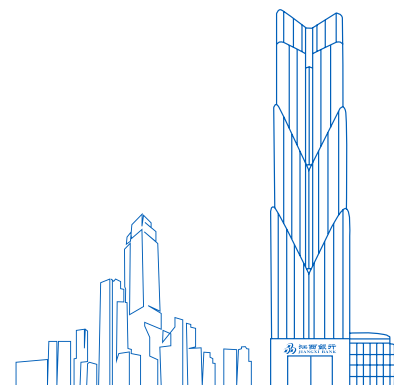
	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Financial investments				
– Financial investments at amortized cost	125,047.68	64.24	128,580.70	67.83
– Financial investments at fair value through profit or loss	40,701.35	20.91	34,921.59	18.42
– Financial investments at fair value through other comprehensive income	28,895.43	14.85	26,075.38	13.75
Total	194,644.46	100.00	189,577.67	100.00



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Distribution of financial investments	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
Debt securities				
Chinese government bonds	22,203.77	11.41	18,307.93	9.66
Policy bank bonds	35,802.12	18.39	31,050.62	16.38
Commercial banks and other financial institutions bonds	476.83	0.24	29.99	0.02
Corporate bonds	6,009.22	3.09	5,626.26	2.97
Sub-total	64,491.94	33.13	55,014.80	29.03
Other financial investments				
Wealth management products issued by financial institutions	–	–	2,018.07	1.06
Fund investments ⁽¹⁾	23,770.65	12.21	17,893.98	9.44
Equity instruments	129.29	0.07	149.44	0.08
Investment management products managed by securities companies and trust plans	104,733.46	53.81	113,034.36	59.62
Sub-total	128,633.40	66.09	133,095.85	70.20
Accrued interest	1,519.12	0.78	1,467.02	0.77
Total	194,644.46	100.00	189,577.67	100.00

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



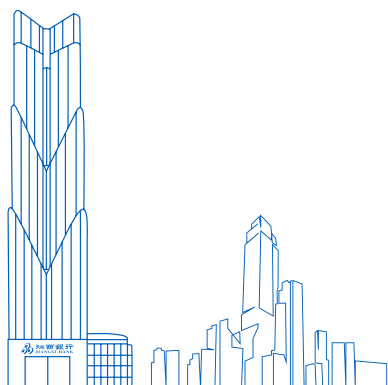
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.4.2 Liabilities

As of June 30, 2020, the Group's total liabilities amounted to RMB428.185 billion, representing an increase of RMB7.154 billion, or 1.70% as compared with the end of the previous year.

	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	303,863.70	70.97	284,548.91	67.58
Deposits from banks and other financial institutions	23,663.81	5.53	31,212.14	7.41
Borrowing from the Central Bank	10,922.20	2.55	7,696.26	1.83
Borrowing from other financial institutions	11,401.80	2.66	14,863.27	3.53
Placements from banks and other financial institutions	2,753.78	0.64	2,555.02	0.61
Financial assets sold under repurchase agreements	11,181.95	2.61	19,704.41	4.68
Debt securities issued	58,663.45	13.70	55,178.64	13.11
Income tax payable	750.72	0.18	877.23	0.21
Other liabilities ⁽¹⁾	4,983.63	1.16	4,394.95	1.04
Total liabilities	428,185.04	100.00	421,030.83	100.00

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

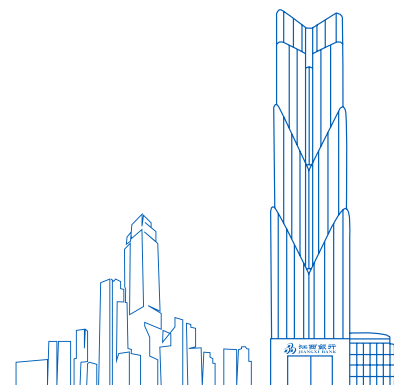


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1 Deposits from customers

As of June 30, 2020, the Group's total deposits from customers amounted to RMB303.864 billion, representing an increase of RMB19.315 billion, or 6.79% as compared with the end of the previous year, which was mainly due to the Group's achievement in steady increase in deposits from customers through optimizing products and expanding service channels and improving service level.

	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
– Corporate customers	112,543.75	37.04	108,783.99	38.23
– Individual customers	20,036.24	6.59	21,058.16	7.40
Sub-total	132,579.99	43.63	129,842.15	45.63
Time deposits				
– Corporate customers	78,992.91	26.00	74,771.72	26.28
– Individual customers	77,470.11	25.50	64,962.04	22.83
Sub-total	156,463.02	51.50	139,733.76	49.11
Pledged deposits				
– Acceptances	7,672.56	2.53	7,814.62	2.75
– Letters of guarantees	2,824.23	0.93	2,557.53	0.90
– Letters of credit	1,201.48	0.40	1,296.13	0.46
– Others	33.83	0.01	33.83	0.01
Sub-total	11,732.10	3.87	11,702.11	4.12
Inward and outward remittances	36.43	0.01	44.25	0.02
Accrued interest	3,052.16	0.99	3,226.64	1.12
Total	303,863.70	100.00	284,548.91	100.00



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2 Deposits from banks and other financial institutions

As of June 30, 2020, the Group's balance of deposits from banks and other financial institutions was RMB23.664 billion, representing a decrease of RMB7.548 billion, or 24.18% as compared with the end of the previous year. The changes in the deposits from banks and other financial institutions were mainly due to the Group's improvement in liabilities' quality and stability and decrease in proportion of liabilities from banks to the total.

3 Debt securities issued

As of June 30, 2020, the Group's debt securities issued were RMB58.663 billion, representing an increase of RMB3.485 billion, or 6.32% as compared with the end of the previous year. It was mainly due to the increase in the balance of interbank deposit receipts issued by the Group.

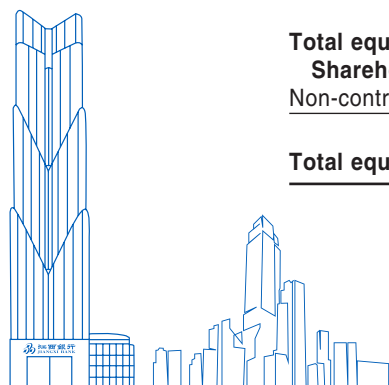
4 Financial assets sold under repurchase agreements

As of June 30, 2020, the Group's amount of financial assets sold under repurchase agreements was RMB11.182 billion, representing a decrease of RMB8.522 billion, or 43.25% as compared with the end of the previous year. It was mainly due to the Group's improvement in liabilities' quality and stability and decrease in proportion of liabilities from banks to the total.

3.4.3 Equity

As of June 30, 2020, the Groups' total equity was RMB35.641 billion, representing an increase of RMB554 million, or 1.58% as compared with the end of the previous year. The total equity attributable to equity Shareholders of the Bank was RMB34.984 billion, representing an increase of RMB527 million, or 1.53% as compared with the end of the previous year. As of June 30, 2020, the capital reserve of the Group was RMB13.954 billion, representing a decrease of RMB428 million or 2.97% from that of the end of last year, mainly due to the decrease in the fair value of the financial investments at fair value through other comprehensive income.

	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	16.90	6,024.28	17.17
Capital reserve	13,954.10	39.15	14,381.67	40.99
Surplus reserve	2,709.40	7.60	2,709.40	7.72
General reserve	5,873.81	16.48	5,873.81	16.74
Retained earnings	6,422.08	18.02	5,467.10	15.58
Total equity attributable to equity Shareholders of the Bank	34,983.67	98.15	34,456.26	98.20
Non-controlling interests	657.62	1.85	631.44	1.80
Total equity	35,641.29	100.00	35,087.70	100.00



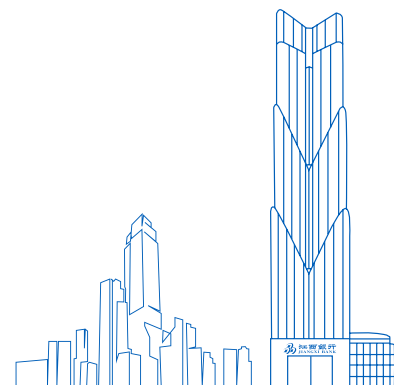
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.5 COMMITMENTS AND CONTINGENT LIABILITIES

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

As of June 30, 2020, the balance of major off-balance sheet items was as follows:

	As of June 30, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	21,458.74	48.70	19,365.05	50.49
Letters of credit	4,348.26	9.87	2,982.12	7.78
Unused credit card commitments	5,953.12	13.50	5,655.79	14.75
Letters of guarantees	11,949.17	27.11	9,762.59	25.45
Loan commitments	346.01	0.79	274.01	0.71
Sub-total	44,055.30	99.97	38,039.56	99.18
Capital commitments	11.33	0.03	314.08	0.82
Total	44,066.63	100.00	38,353.64	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

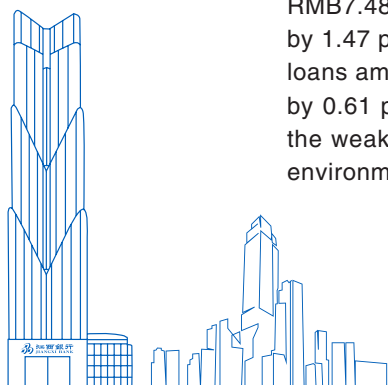
3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's total loans were RMB217.305 billion, representing an increase of RMB7.287 billion, or 3.47% over the end of the previous year.

3.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of June 30, 2020		As of December 31, 2019	
	Total	% of total	Total	% of total
	(in millions of RMB unless otherwise specified)			
Normal	203,588.08	93.69	194,952.19	92.83
Special mention	7,480.26	3.44	10,328.12	4.91
Substandard	3,197.91	1.47	2,301.08	1.10
Doubtful	1,760.85	0.81	903.12	0.43
Loss	1,277.42	0.59	1,532.62	0.73
Gross loans and advances to customers	217,304.52	100.00	210,017.13	100.00
Non-performing loans and non-performing loans ratio	6,236.18	2.87	4,736.82	2.26
Allowances for impairment losses	9,373.01		7,846.59	
Including: Allowances for impairment losses on loans and advances to customers measured at amortized cost	9,314.66		7,793.36	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	58.35		53.23	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB203.588 billion, accounting for 93.69%. The proportion of normal loans increased by 0.86 percentage point compared with that at the end of the previous year. Special mention loans amounted to RMB7.480 billion, accounting for 3.44%. The proportion of special mention loans decreased by 1.47 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB6.236 billion with a non-performing ratio of 2.87%. The ratio increased by 0.61 percentage point compared with that at the end of the previous year primarily due to the weakened solvency of part of customers caused by the downturn in the overall economic environment and the impact of the COVID-19 epidemic.

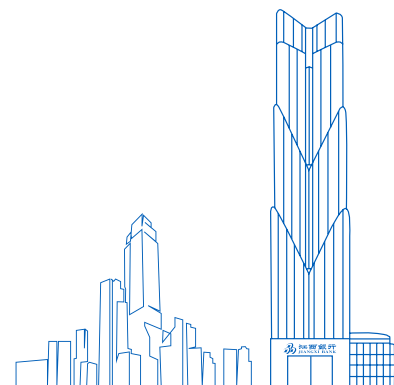


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	As of June 30, 2020				As of December 31, 2019			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Corporate loans and advances	118,623.88	54.59	5,051.93	4.26	113,841.86	54.20	3,604.35	3.17
Personal loans and advances	75,357.51	34.68	1,184.25	1.57	80,727.54	38.44	1,132.47	1.40
Discounted bills	23,323.13	10.73	–	–	15,447.73	7.36	–	–
Total	217,304.52	100.00	6,236.18	2.87	210,017.13	100.00	4,736.82	2.26

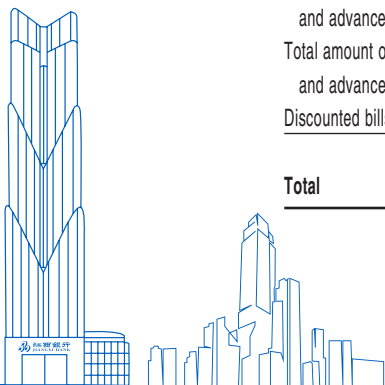
As of the end of the Reporting Period, the total amount of loans of the Group had reached RMB217.305 billion, representing an increase of RMB7.287 billion as compared with the end of last year, among which the corporate loans and advances increased by RMB4.782 billion, or 4.20% as compared with the end of last year, the personal loans and advances decreased by RMB5.370 billion, or 6.65%, and the amount of discounted bills increased by RMB7.875 billion, or 50.98% as compared with the end of last year. The total amount of non-performing loans of the Group had reached RMB6.236 billion, representing an increase of RMB1.499 billion as compared with the end of last year, among which the corporate non-performing loans increased by RMB1.447 billion, or 40.16% and the personal non-performing loans increased by RMB52 million, or 4.57% as compared with the end of last year. The increase in corporate non-performing loans was mainly due to the large proportion of the corporate loans to customers to the total and the weakened solvency of part of our corporate customers affected by the overall economic environment and the epidemic.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of June 30, 2020				As of December 31, 2019			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Agriculture, forestry, animal husbandry and fishery	1,310.54	0.60	166.46	12.70	1,462.15	0.68	134.92	9.23
Mining	1,053.61	0.48	-	-	1,004.53	0.48	12.58	1.25
Manufacturing	15,596.99	7.18	876.18	5.62	12,575.14	5.99	456.89	3.63
Production and distribution of electricity, heating power, gas and water	1,735.95	0.80	-	-	1,606.70	0.77	4.81	0.30
Construction	13,065.60	6.01	206.01	1.58	11,309.43	5.39	160.26	1.42
Wholesale and retail trade	18,428.25	8.48	1,856.10	10.07	19,377.00	9.23	1,931.15	9.97
Transportation, storage and postal services	2,576.36	1.19	0.05	-	2,407.71	1.15	2.50	0.10
Accommodation and catering	1,459.03	0.68	264.31	18.12	1,449.16	0.69	78.92	5.45
Information transmission, computer services and software	1,616.08	0.74	53.02	3.28	1,699.12	0.81	60.49	3.56
Finance	1,355.77	0.63	-	-	1,899.76	0.90	-	-
Real estate	10,174.38	4.68	1,337.23	13.14	10,676.67	5.08	105.40	0.99
Leasing and commercial services	28,960.45	13.33	81.86	0.28	26,183.59	12.47	606.53	2.32
Scientific research and technical services	164.87	0.08	-	-	529.13	0.25	-	-
Water conservancy, environment and public facility management	16,511.08	7.60	150.00	0.91	16,702.34	7.95	6.32	0.04
Residents services, repairs and other services	52.04	0.02	11.06	21.25	65.97	0.03	22.38	33.92
Education	832.92	0.38	4.00	0.48	1,092.40	0.52	4.00	0.37
Health, social security and social welfare	1,898.40	0.87	27.60	1.45	1,580.87	0.75	-	-
Culture, sports, and entertainment	821.56	0.38	18.05	2.20	1,210.21	0.58	17.20	1.42
Public administration, social security and social organizations	1,010.00	0.46	-	-	1,009.98	0.48	-	-
Total amount of corporate loans and advances	118,623.88	54.59	5,051.93	4.26	113,841.86	54.20	3,604.35	3.17
Total amount of personal loans and advances	75,357.51	34.68	1,184.25	1.57	80,727.54	38.44	1,132.47	1.40
Discounted bills	23,323.13	10.73	-	-	15,447.73	7.36	-	-
Total	217,304.52	100.00	6,236.18	2.87	210,017.13	100.00	4,736.82	2.26



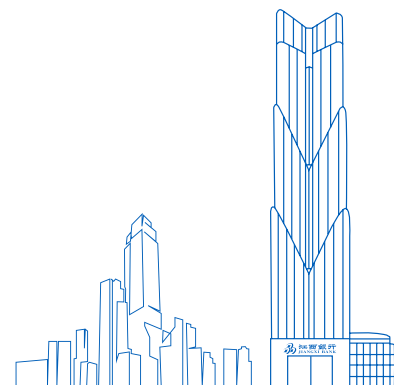
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the five largest industries in terms of corporate loans and advances were leasing and commercial services, wholesale and retail trade, water conservancy, environment and public facility management, manufacturing and construction. The Group's non-performing loans were mainly centered in wholesale and retail trade and real estate industry that aggregately accounted for 51.21% of total amount of the non-performing loans of the Group. The NPL ratio of accommodation and catering and real estate industry have increased significantly, representing a growth of 12.67 percentage points and 12.15 percentage points, respectively which was mainly due to the weakened solvency of part of our customers in these industries affected by the overall economic environment and the epidemic.

3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of June 30, 2020				As of December 31, 2019			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Unsecured loans	16,916.38	7.78	534.11	3.16	23,489.53	11.18	506.74	2.16
Guaranteed loans	101,843.68	46.87	2,904.35	2.85	86,549.98	41.21	2,248.19	2.60
Collateralized loans	92,547.82	42.59	2,564.50	2.77	91,398.91	43.51	1,726.68	1.89
Pledged loans	5,996.64	2.76	233.22	3.89	8,578.71	4.10	255.21	2.97
Total	217,304.52	100.00	6,236.18	2.87	210,017.13	100.00	4,736.82	2.26

As of the end of the Reporting Period, the main types of collateral of the Group's loans were guaranteed loans and collateralized loans, which accounted for 89.46% of the total loans. The proportion of guaranteed loans of the Group increased by 5.66 percentage points and NPL ratio of unsecured loans, guaranteed loans, collateralized loans and pledged loans respectively increased as compared with the end of last year.

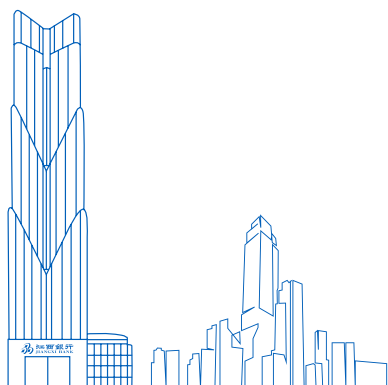


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Geographical region	As of June 30, 2020				As of December 31, 2019			
	Loan amount	% of total	NPL amount	NPL ratio (%)	Loan amount	% of total	NPL amount	NPL ratio (%)
(in millions of RMB unless otherwise specified)								
Nanchang area	109,695.13	50.48	4,469.96	4.07	103,871.16	49.46	3,204.68	3.09
Within Jiangxi Province (apart from Nanchang area)	80,484.69	37.04	1,241.48	1.54	75,300.62	35.85	1,270.56	1.69
Outside Jiangxi Province	27,124.70	12.48	524.74	1.93	30,845.35	14.69	261.58	0.85
Total	217,304.52	100.00	6,236.18	2.87	210,017.13	100.00	4,736.82	2.26

As of the end of the Reporting Period, the Group's total amount of loans reached RMB217.305 billion, with loans in Nanchang area, Jiangxi Province (apart from Nanchang area), and outside Jiangxi Province accounting for 50.48%, 37.04% and 12.48%, respectively. The loans in Nanchang area and Jiangxi Province (apart from Nanchang area) showed an upward trend compared with the end of the previous year, the loans outside Jiangxi Province decreased by RMB3.721 billion over the end of last year. The Group's non-performing loans were mainly from Nanchang area. The non-performing loans in this area accounted for 71.68% of the total amount, representing an increase of 4.02 percentage points over the end of last year, which was mainly due to the large proportion of the loans to customers in Nanchang area to the total and the weakened solvency of part of our customers in this area affected by the overall economic environment and the epidemic.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

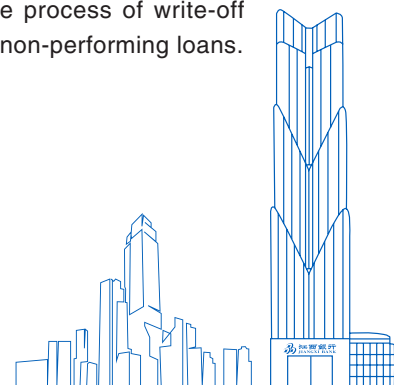
3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of June 30, 2020		As of December 31, 2019	
	Loan amount	% of total	Loan amount	% of total
Current loans	208,464.99	95.94	200,873.64	95.64
Loans past due for				
Up to 3 months	2,219.88	1.02	4,400.51	2.10
Over 3 months up to 1 year	4,352.50	2.00	2,860.04	1.36
Over 1 year up to 3 years	1,744.34	0.80	1,388.50	0.66
Over 3 years	522.81	0.24	494.44	0.24
Sub-total	8,839.53	4.06	9,143.49	4.36
Total	217,304.52	100.00	210,017.13	100.00

As of the end of the Reporting Period, the Group's total overdue loans amounted to RMB8.840 billion, representing a decrease of RMB304 million as compared with that at the end of last year. The overdue rate was 4.06%, with a decrease of 0.30 percentage point from the end of the previous year. The overdue loans were mainly from that due past over 3 months up to 1 year, proportion of which increased by 0.64 percentage point. The Group continues to control new non-performing loans and reduce old non-performing assets, and take measures such as loan servicing and litigation to reduce overdue loans.

3.6.7 Measures for Non-performing Assets

During the Reporting Period, in order to optimize structure of credit assets, control new non-performing loans, resolve existing non-performing loans, and improve the overall assets quality, on the one hand, the Group clarified the facility orientation, strengthened quota control, implemented inspections before, during, and after lending, strictly inspected admission standards for credit and tried to prevent the degradation of loans' quality; on the other hand, the Group took multiple measures such as seeking assistance of judiciary authorities and cooperating with assets management companies, which accelerated the process of write-off and disposal of non-performing loans, to strengthen collection of existing non-performing loans.



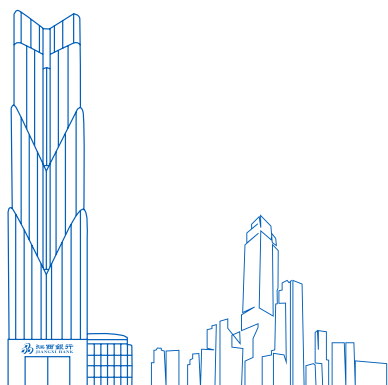
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.8 Large Risk Exposures

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

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

Item	Industry	Balance of risk exposure (in millions of RMB)	As of June 30, 2020	
			% of total	% of net tier-one capital
Borrower A	Leasing and commercial services	4,451.96	2.05	12.79
Borrower B	Information transmission, software and I.T. services	3,241.63	1.49	9.31
Borrower C	Leasing and commercial services	3,195.44	1.47	9.18
Borrower D	Leasing and commercial services	2,892.70	1.33	8.31
Borrower E	Leasing and commercial services	2,791.85	1.28	8.02
Borrower F	An anonymous customer	2,737.03	1.26	7.86
Borrower G	Construction	2,625.00	1.21	7.54
Borrower H	Construction	2,500.00	1.15	7.18
Borrower I	Leasing and commercial services	2,391.30	1.10	6.87
Borrower J	Leasing and commercial services	2,353.03	1.08	6.76
Total		29,179.94	13.42	83.82

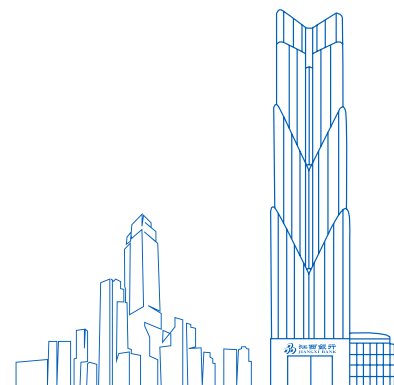


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Item	Industry	As of June 30, 2020		
		Balance of risk exposure (in millions of RMB)	% of total	% of net tier-one capital
Borrower A	Construction	5,512.82	2.54	15.84
Borrower B	Leasing and commercial services	4,458.52	2.05	12.81
Borrower C	Leasing and commercial services	4,276.85	1.97	12.29
Borrower D	Leasing and commercial services	3,618.26	1.67	10.39
Borrower E	Leasing and commercial services	3,487.86	1.61	10.02
Borrower F	Water conservancy, environment and public facility management	3,314.58	1.53	9.52
Borrower G	Leasing and commercial services	3,238.04	1.49	9.30
Borrower H	Leasing and commercial services	3,221.11	1.48	9.25
Borrower I	Leasing and commercial services	3,172.56	1.46	9.11
Borrower J	Leasing and commercial services	2,849.17	1.31	8.18
Total		37,149.77	17.11	106.71



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.9 Repossessed Assets and Impairment Allowances

Item	As at June 30, 2020 Amount	As at December 31, 2019 Amount
(in millions of RMB, unless otherwise stated)		
Land use rights and buildings	158.91	107.66
Less: Impairment allowances	(20.99)	(20.99)
Net repossessed assets	137.92	86.67

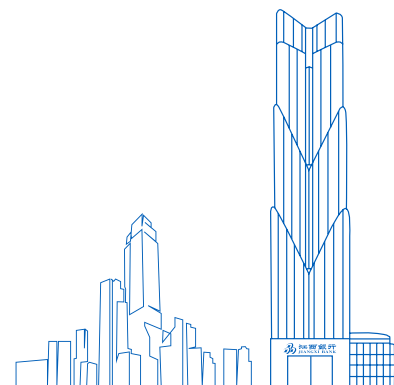
3.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
As at January 1, 2020	1,091.08	2,166.12	4,536.16	7,793.36
Transferred to 12-month ECL	43.85	(41.20)	(2.65)	–
Transferred to lifetime ECL – not credit-impaired	(13.69)	77.90	(64.21)	–
Transferred to lifetime ECL – credit-impaired	(5.21)	(577.38)	582.59	–
Charged/(released) for the period	238.28	(364.40)	2,537.31	2,231.19
Transferred out for the period	–	–	(27.98)	(27.98)
Recoveries for the period	–	–	179.10	179.10
Write-offs for the period	–	–	(817.20)	(817.20)
Others	–	–	(43.81)	(43.81)
As at June 30, 2020	1,354.31	1,261.04	6,699.31	9,314.66
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2020	53.23	–	–	53.23
Charged for the period	5.12	–	–	5.12
As at June 30, 2020	58.35	–	–	58.35



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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



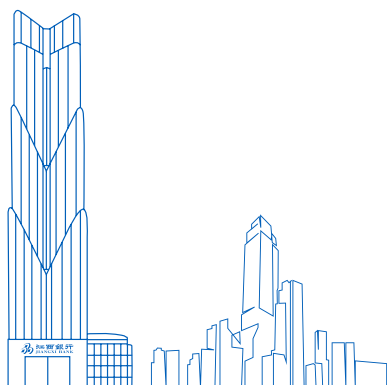
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7 SEGMENT REPORTS

3.7.1 Summary of Business Segment Information

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

	For the six months ended June 30, 2020					For the six months ended June 30, 2019				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
	in millions of RMB									
External net interest income	1,406.90	653.68	2,777.99	-	4,838.57	1,299.88	1,565.36	2,344.22	-	5,209.46
Internal net interest income/(expense)	1,096.87	387.28	(1,570.55)	86.40	-	1,327.32	65.96	(1,449.83)	56.55	-
Net interest income	2,503.77	1,040.96	1,207.44	86.40	4,838.57	2,627.20	1,631.32	894.39	56.55	5,209.46
Net fee and commission income/(expense)	157.92	52.54	135.13	(3.00)	342.59	265.62	(115.12)	158.10	(4.31)	304.29
Net trading gains	-	-	29.10	-	29.10	-	-	79.56	-	79.56
Net gains arising from financial investments	15.14	-	581.60	-	596.74	3.65	-	751.32	-	754.97
Other operating income/ (expenses)	27.89	1.81	3.89	(11.92)	21.67	(23.62)	8.59	8.30	45.02	38.29
Operating income	2,704.72	1,095.31	1,957.16	71.48	5,828.67	2,872.85	1,524.79	1,891.67	97.26	6,386.57
Operating expenses	(398.77)	(394.69)	(662.73)	(6.57)	(1,462.76)	(527.35)	(580.39)	(418.58)	(4.52)	(1,530.84)
Operating profit before impairment	2,305.95	700.62	1,294.43	64.91	4,365.91	2,345.50	944.40	1,473.09	92.74	4,855.73
Impairment losses on assets	(1,936.29)	(354.06)	(398.86)	(33.25)	(2,722.46)	(1,405.86)	(337.95)	(799.79)	(15.47)	(2,559.07)
Share of profits of associates	-	-	-	2.26	2.26	-	-	-	0.10	0.10
Profit before taxation	369.66	346.56	895.57	33.92	1,645.71	939.64	606.45	673.30	77.37	2,296.76
Proportion to profit before taxation (%)	22.46	21.06	54.42	2.06	100.00	40.91	26.40	29.32	3.37	100.00



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3.7.2 Main Segment Operating Income

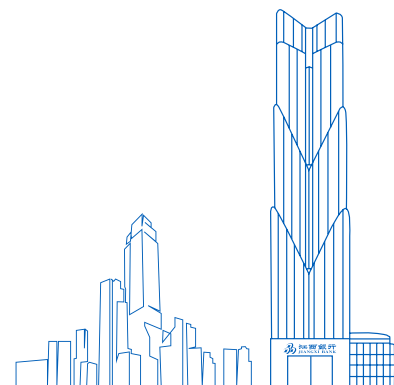
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Amount	% of total	Amount	% of total
Corporate banking	2,704.72	46.40	2,872.85	44.99
Retail banking and credit card	1,095.31	18.79	1,524.79	23.87
Financial markets business	1,957.16	33.58	1,891.67	29.62
Others	71.48	1.23	97.26	1.52
Total	5,828.67	100.00	6,386.57	100.00

3.8 BUSINESS OVERVIEW

3.8.1 Corporate Banking

1 Corporate deposits

During the Reporting Period, the Bank made every effort to advance the transformation and upgrading of its corporate business through institutional business, transaction banking business, and investment banking business, and corporate deposits maintained a growing momentum. By proactively relying on the agency qualification for centralized payment of provincial treasury, the Bank obtained multiple agency qualifications for centralized payment of financial treasuries above county or district level and continue to enhance the marketing and opening of accounts for fiscal, social insurance and medical insurance and other institutional customers. The Bank actively participated in the marketing of special local government debts of Jiangxi Province, and successfully introduced special debt funds such as those for toll roads, shantytown transformation, and high-standard farmland construction in Jiangxi Province (at the corresponding level); and the Bank was also actively involved in the fund tender and bidding work of major clients and successfully won the bid for a number of fund deposit projects. As of the end of the Reporting Period, the balance of the Bank's corporate deposits reached RMB203.284 billion, representing an increase of RMB8.004 billion or 4.1% over the end of last year.



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As of the end of the Reporting Period, according to the People's Bank of China, the Bank ranked fourth with a market share of 10.64% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Jiangxi Province; while the Bank's market share of RMB corporate deposits in Nanchang City (excluding deposits of non-deposit financial institutions) was 16.28%, ranking first.

2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group reached RMB118.624 billion, representing an increase of 4.20% over the end of last year. Corporate loans and advances were the largest component of the Group's loan portfolio, most of which were denominated in RMB.

Distribution of corporate loans and advances by product type

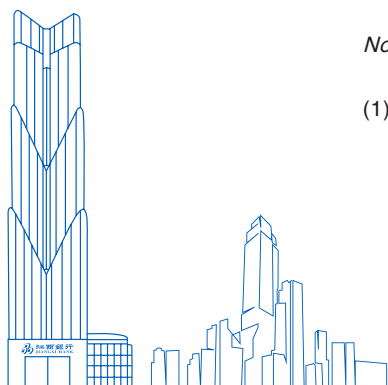
The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. The Group's corporate loans and advances increased from RMB113.842 billion for the year ended December 31, 2019 to RMB118.624 billion as of June 30, 2020, an increase of 4.20%. This increase was mainly attributable to the Group's ensuring stability on six fronts and maintaining security in six areas, more credit released to key areas such as key projects, manufacturing, small and micro enterprises, and full support for pandemic prevention and control plus work resumption of enterprises.

Unit: millions of RMB

Item	June 30, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Working capital loans	61,416.15	51.78	56,250.79	49.41
Fixed asset loans	39,056.71	32.92	37,449.18	32.90
Financial lease	15,632.10	13.18	17,167.94	15.08
Others ⁽¹⁾	2,518.92	2.12	2,973.95	2.61
Total amount of corporate loans and advances	118,623.88	100.00	113,841.86	100.00

Note:

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by contract maturity

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

Unit: millions of RMB

Item	June 30, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Short-term loans and advances ⁽¹⁾	45,399.24	38.27	44,160.73	38.79
Medium to long-term loans ⁽²⁾	73,224.64	61.73	69,681.13	61.21
Total amount of corporate loans and advances	118,623.88	100.00	113,841.86	100.00

Notes:

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

Short-term loans and advances

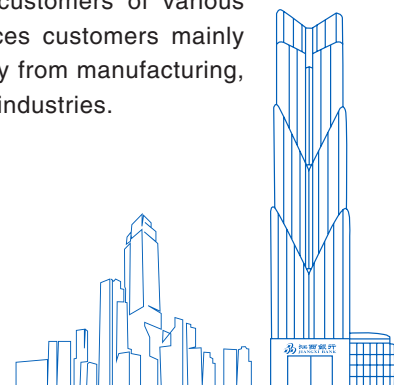
As of the end of the Reporting Period, the Group's short-term loans and advances totaled RMB45.399 billion, increased by RMB1.239 billion or 2.80% from the end of last year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans totaled RMB73.225 billion, increased by RMB3.544 billion or 5.09% from the end of last year.

Distribution of corporate loans and advances by customer category

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

Unit: millions of RMB

Item	June 30, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Micro enterprises ⁽¹⁾	9,231.37	7.78	8,589.96	7.55
Small enterprises ⁽¹⁾	61,680.87	51.99	58,367.40	51.27
Medium enterprises ⁽¹⁾	29,511.98	24.88	28,162.57	24.74
Large enterprises ⁽¹⁾	16,791.86	14.16	16,355.45	14.37
Others ⁽²⁾	1,407.80	1.19	2,366.48	2.07
Total amount of corporate loans and advances	118,623.88	100.00	113,841.86	100.00

Notes:

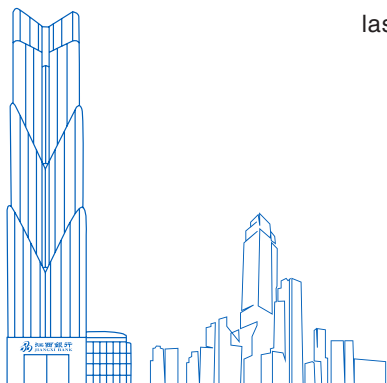
- (1) Classification Standards of Small and Medium Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
- (2) Primarily includes loans to public institutions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

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB46.304 billion, accounting for 39.04% of the Group's total corporate loans and advances, a decrease of 0.07 percentage point from that as at the end of last year.

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB70.912 billion, accounting for 59.77% of the Group's total corporate loans and advances, an increase of 0.95 percentage point from that as at the end of last year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3 *Corporate customers*

The Bank continued to expand corporate customers and improve service standards to consolidate its business base. As of the end of the Reporting Period, the Bank had approximately 75,996 corporate deposit customers, representing an increase of 1,535 or 2.06% from the end of last year, and approximately 4,291 corporate loans and advances customers (discounted bills were included), representing an increase of 310 or 7.79% from the end of last year. During the Reporting Period, the Bank conducted marketing activities targeted at administrative institutions, social security, medical insurance, schools, hospitals, and other system customers, striving to make breakthroughs in such activities. The Bank successfully signed contracts with strategic clients such as the administrative institutions at all levels, leading enterprises in each industry, and high-quality financial technology companies, and strengthened business cooperation in credit support, fund settlement, blockchain application, etc., to achieve mutual benefit and common development.

4 *Corporate products*

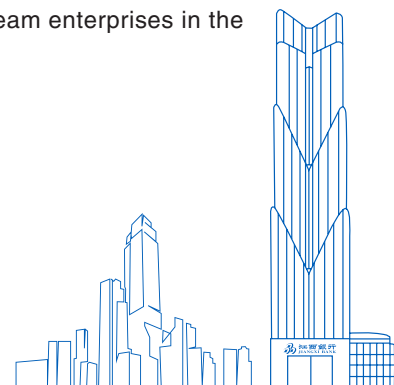
Settlement business

As of the end of the Reporting Period, the Bank had 10,682 accounts of enterprise mobile banking. Among them, 824 accounts were opened this year and 40,693 new transactions with a total value of RMB1.695 billion were made.

As of the end of the Reporting Period, the Bank had a total of 7,255 accounts of unit settlement card, of which 111 were opened this year and 30,741 new transactions with a total value of RMB327 million were made.

Supply chain finance

The Bank set store by financial technology-empowered products, explored the application scenario of “blockchain + supply chain finance”, and better served enterprises in the industrial chain with the blockchain technology in support of their development. As of the end of the Reporting Period, the Bank’s balance of supply chain finance business amounted to RMB2.726 billion, serving a total of 148 enterprises. The “Cloud Enterprise Chain” product supported 6 industrial chain clusters in Jiangxi Province, covering non-ferrous metal, livestock breeding, construction and other industries. The accumulated amount of credit released was RMB462 million, serving 101 upstream enterprises in the industrial chain.



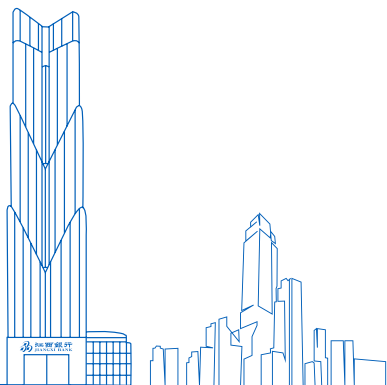
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

5 *Investment banking*

During the Reporting Period, by adhering to the business approach of “going to the front and conducting joint marketing”, the Bank grappled with external difficulties such as the impact brought by the pandemic, falling interest rates, and exacting issuer requirements, and made marked achievements in the bond underwriting business. During the Reporting Period, the Bank underwrote 12 non-financial corporate debt financing instruments for 9 enterprises in Jiangxi Province, with a total issue amount of RMB8.6 billion, of which RMB3.199 billion was underwrote by the Bank, representing an increase of 120.62% as compared with the same period of last year and ranking the Bank 47th among national underwriters and first among the 12 new underwriters in the same batch nationwide according to public statistics.

6 *Micro-finance*

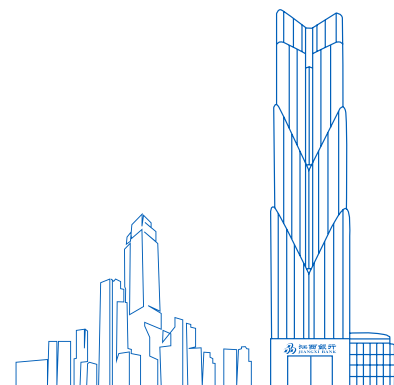
The Bank is always purpose-driven to serve small and micro enterprises. It resolutely implemented the work plans of the Jiangxi provincial party committee, provincial government, and regulatory authorities on improving the quality and efficiency of inclusive financial services and kept “loan increase, price reduction, quality improvement, and access expansion” on the right track, to ensure stability on six fronts and maintain security in six areas. At the same time, it extended the coverage of small and micro finance services and released more credit to the field of inclusive finance, to solve the difficulties, high costs, and slow speed of financing that troubled inclusive finance customer groups. As of the end of the Reporting Period, the Group’s small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB30.638 billion, up by RMB2.619 billion or 9.35% from the end of last year. There were 19,309 customers who received small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million (inclusive)), up by 1,169 from the end of last year. The weighted average interest rate was 5.28%, 0.68 percentage point lower than that of last year. Success was thus made in lowering the financing cost of small and micro enterprises.



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First, we put policies to good use with the right degree of intensity and assisted enterprises in work resumption. In response to the pandemic, the Bank highly valued and pushed forward pandemic prevention and control through financial support in a systematic manner, according to the decision and planning of the Jiangxi provincial party committee and provincial government. It established an emergency financing mechanism for pandemic prevention and control jointly with the People's Bank of China Nanchang Center Branch, Jiangxi Provincial Local Financial Supervision Administration* (江西省地方金融监督管理局), Development and Reform Commission of Jiangxi Province, and Jiangxi Provincial Department of Industry and Information Technology and facilitated the pandemic prevention and control by adopting tailored measures for emergency and special businesses. As of the end of the Reporting Period, the Bank granted RMB7.171 billion loans to 271 enterprises for pandemic prevention. In support of the strategy of invigorating Jiangxi with talents, Jiangxi Talent Serving Bank provided high-level talents in Jiangxi with the "Talent Anti-pandemic Loan" (with the pure credit granted to a single customer being RMB20 million) during the pandemic. As of the end of the Reporting Period, the Bank provided 1,384 high-end talents with financial services such as business start-up financing and consumer credit, and launched 25 innovative and entrepreneurial products, with a total release of RMB923 million.

Second, we explored the blockchain technology and expanded the application of supply chain products. Relying on the "blockchain + supply chain" technology, we actively promoted the "Cloud Enterprise Chain" product and increased the credit for core enterprises, while solving the two major problems of online financing and "triangular debt" settlement encountering medium, small and micro enterprises. Meanwhile, on the basis of current supply chain products like Zhengbang Loan (正邦貸) and Twin Loan (雙胞胎貸), we replicated the success of the "Enterprise and Product Initiative (一企一品)" and applied it to downstream small and micro enterprises in a manner appropriate to their conditions, through the referral of leading enterprises and targeted support. As of the end of the Reporting Period, the "Cloud Enterprise Chain" product supported 6 industrial chain clusters in Jiangxi Province, covering non-ferrous metal, livestock breeding, construction and other industries. The accumulated amount of credit released was RMB462 million, serving 101 upstream enterprises in the industrial chain. The Zhengbang Loan (正邦貸) and Twin Loan (雙胞胎貸) products supported 4,797 farmers and feed distributors in the downstream of the pig industrial chain with RMB4.548 billion inclusive credit funds.



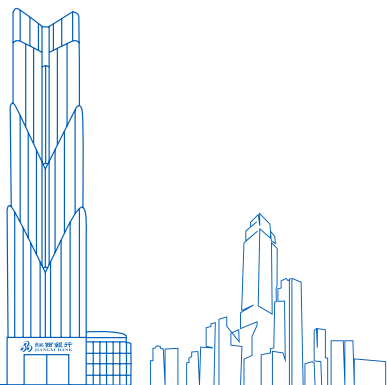
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Third, we accelerated online product launch by leveraging financial technologies. The Bank empowered financial services with technology means to satisfy the “short-term, low, frequent, and urgent” financing needs of small and micro enterprises. At the end of December 2018, the Bank launched the “Handheld Micro Loan” app that enabled the networked and automated operations of loan application, contracting, disbursement, and repayment with smartphones carried by users at all times. The “Handheld Micro Loan” could respond to the financing needs at any time so that customers would apply for a loan even at home. In March 2019, the Bank unveiled the “Micro Enterprise Loan”, a full-process online credit product linking bank and tax oriented to small and micro enterprises, which integrated industrial and commercial, judicial, tax and other data. As of the end of the Reporting Period, two of the Bank’s online products released a total of RMB5 billion, supporting up to 6,276 individual industrial and commercial businesses and small and micro enterprises. Meanwhile, online small and micro financial products “Tobacco Business Loan” and “Enterprise E loan” were launched to provide online-only and non-guaranteed operational loans for tobacco sales merchants with exclusive qualification in selling tobacco and small and micro enterprises with good record in tax payment and stable sales respectively. As of the end of the Reporting Period, the “Tobacco Business Loan” and “Enterprise E loan” released a total of RMB40 million, supporting up to 168 small and micro enterprises. The Bank would continue to focus on financial technologies to reduce corporate financing costs and improve the efficiency in serving small and micro enterprises.

3.8.2 Retail Banking

1 Retail deposits

During the Reporting Period, the Bank took active measures to mitigate the adverse effects of the pandemic and promptly turned to online channels for deposit marketing. The Bank enriched service content and optimized service procedures by mainly relying on the “Handheld Bank”, to boost increase in deposits. As of the end of the Reporting Period, the Bank’s retail deposit balance reached RMB97.527 billion, representing an increase of RMB11.507 billion or 13.38% over the end of last year. According to the People’s Bank of China, the Bank took up a market share of 4.43% in RMB savings deposits in Jiangxi Province; newly taken deposits accounted for 4.58%, representing an increase of 0.39 percentage point over the end of last year, and the growth rate was 12.54%, or 0.49 percentage point higher than the average growth rate of deposits in Jiangxi Province.



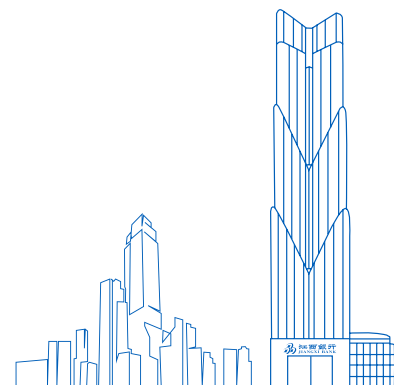
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During the Reporting Period, the Bank expanded its support for offline outlet channels such as county-level sub-branches and rural finance, carried out special competitions in savings deposit at the county level, and continued the pilot work of rural financial services, further providing services to lower levels. As of the end of the Reporting Period, the Bank's county sub-branches in Jiangxi Province recorded a total savings deposit balance of RMB31.393 billion, representing an increase of RMB3.458 billion or 12.38% from the end of last year.

During the Reporting Period, the Bank strengthened cooperation with human resources and social security departments, while optimizing and upgrading the social security card issuance system. The Bank worked to provide quality services to the insured so as to increase settlement-type deposit retention. As of the end of the Reporting Period, the Bank issued a total of 192,600 social security cards; and during the Reporting Period, a total of 257,600 funds were issued on commission through the Bank and social security direct issuance system. The funds of social security released on commission and directly totaled RMB3.611 billion. Thanks to the above measures, the Bank registered deposit growth of basic customers.

2 *Retail loans*

During the Reporting Period, the Bank acted in strict accordance with the national policy to respond to the pandemic and fulfilled its social responsibilities. Specifically, the Bank formulated preferential policies for special loan groups, strengthened prevention and control of retail loan risks, optimized products, and promoted further adjustments in the retail loan structure. First, for personal loan customers who temporarily lost their source of income due to the pandemic, the Bank took measures to alleviate the impact of the pandemic on the loan groups, including adjusting the repayment plan, handling credit complaints, and reducing or exempting interest penalties. Second, the Bank strengthened the pre-lending risk control by optimizing the credit risk model, and strengthened the technical monitoring of the flow of credit funds with the credit risk monitoring system to enhance post-lending management. Third, the Bank optimized the rules for products such as personal credit loans, personal commercial housing mortgages, and personal pledge loans, to better satisfy the needs of customers for loan processing. As of the end of the Reporting Period, the Bank's retail loan balance was RMB75.358 billion, representing a decrease of RMB5.370 billion over the end of last year, which mainly because the Bank proactively adjusted the structure of personal consumption loans while cutting down the size of online loans. In the first half of the year, the interest income of retail loans was RMB2.075 billion.



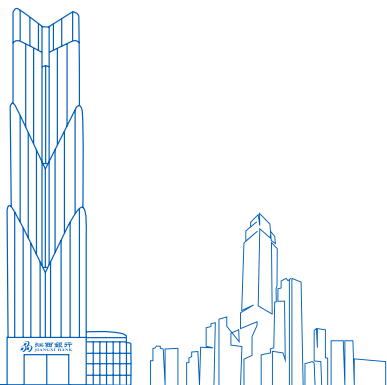
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3 *Retail customers*

During the Reporting Period, the Bank expanded its basic customer base through multiple channels, and realized a growth in various types of customers by tapping the needs of social security customers and those receiving agency services and strengthening the cross-marketing of VIP customers. In respect of online channels, the Bank built a marketing circle between employees and customers by launching the Jiangxi Bank Micro Shop—an online marketing tool via the “Handheld Bank”. The marketing tool was provided with such features as employee information display, online customer communication, Jiangxi Bank information, and investment and wealth management configuration and was built-in with value-added services like online free medical consultation and online school. We continued to sort out co-branded card customers and improve the quality of services for them. We sped up the activation of zero-balance accounts, and organized branches to carry out online marketing through customer group building and offline “stall” marketing. During the Reporting Period, all outlets of the Bank launched over 5,000 online marketing activities, covering more than 200,000 customers.

4 *Bank cards*

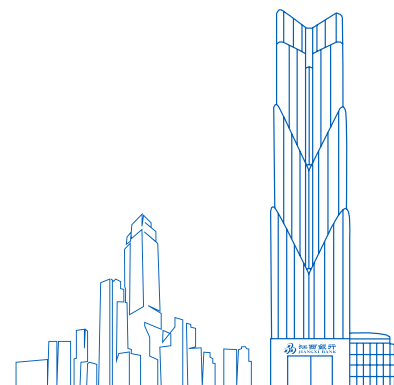
We strengthened cooperation with Internet payment platforms, and joined hands with Meituan Payment to conduct the “2020 Turning Better” marketing activity. As of the end of the Reporting Period, there were a total of 428,000 transactions involving the Bank’s debit cards bound with Meituan Payment, which meaningfully improved the stickiness of customers.



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During the Reporting Period, the Bank's credit card business aimed to achieve the goal of "improving quality, stabilizing card issuance, and increasing revenue". We steadily increased the scale and profitability of the credit card business, and continued to speed up the stable and healthy development of the business. First, we strengthened the financial anti-pandemic guarantee to achieve better lives for people. The Bank did its utmost to help credit card customers overcome problems and concerns in terms of products, marketing, and interest and fee reduction and exemption while providing professional, efficient, and safe financial services. Second, we used a variety of measures to strengthen marketing and achieve positive growth in major indicators. To overcome the adverse effects of the coronavirus outbreak, the Bank pursued balanced progress in the development of the credit card business through multiple channels, attaching equal importance to online and offline services, the headquarters and branches, and incentives and supervision, to achieve positive growth in major indicators like the number of cards issued and of customers. Third, we deepened cross-industry cooperation to achieve diversified product development. The Bank further deepened the cross-industry cooperation with the JD Finance platform and the iQIYI platform. In April 2020, the Bank officially launched the "co-branded credit cards of JD Finance and iQIYI", the second product of the JD Finance co-branded card series. At the same time, we encouraged the use of credits cards to improve customer stickiness through targeted activities, including marketing installment and fee reduction upon consumption. Fourth, we improved the full-process risk control management system of credits cards, and enhanced risk identification and management capabilities. Aiming to improve business quality, the Bank made greater use of data analysis and risk control models, optimized pre-lending access models, refined risk identification and anti-fraud strategies, and strengthened pre-lending risk identification and control capabilities; perfected risk control models such as behavioral score cards and cash-out detection during lending, and by relying on technology systems, achieved early warning and differentiated management and control of business risks; and optimized post-lending collection models and strategies, to achieve hierarchical and classified management of customers with overdue loans and make post-lending management more efficient.

As of the end of the Reporting Period, the Bank issued 573,100 credit cards in total, representing an increase of 22.52% year on year; and the overdraft balance of credit cards was RMB3.723 billion, representing an increase of 9.49% year on year.



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5 *Wealth management*

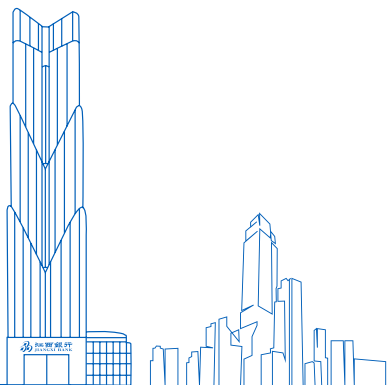
During the Reporting Period, the Bank launched Fortune Gold products with the characteristics of Jiangxi cultural tourism together with provincial-level cultural and creative enterprises. Following the tendency of the stock market, the Bank made joint efforts with E Fund HK, CGB, and Jyah Fund to select 11 stock-focused funds for agency distribution and retain customers through asset allocation. The Bank also carried out the Bank-wide parents-child creativity competition targeting VIP customers. As of the end of the Reporting Period, the Bank had 280,600 individual VIP customers, representing an increase of 12.75% from the end of last year. The balance of VIP customers' financial assets reached RMB116.561 billion, representing an increase of 16.04% from the end of last year. The transformation and sales capabilities of personal wealth management were enhanced. As of the end of the Reporting Period, the balance of the Bank's personal wealth management products reached RMB36.368 billion, an increase of RMB4.237 billion or 13.19% over last year. The balance of personal net-worth wealth management products was RMB13.262 billion, an increase of RMB10.242 billion over last year, and the proportion of such balance in the balance of all personal wealth management products rose to 36.47%.

3.8.3 Financial Markets Business

1 *Money market business*

During the Reporting Period, under the impact of the coronavirus outbreak, the People's Bank of China, according to the requirements of a more flexible and moderate prudent monetary policy, stepped up countercyclical adjustments and comprehensively employed various instruments such as cuts to required reserve ratios and to interest rates, to release medium and long-term liquidity and guide a steady decrease in the terminal interest rate. This aimed to maintain the smooth operation of the financial market.

As of the end of the Reporting Period, the balance of the Bank's deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements amounted to RMB15.435 billion; and the balance of the Bank's deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements amounted to RMB37.586 billion.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

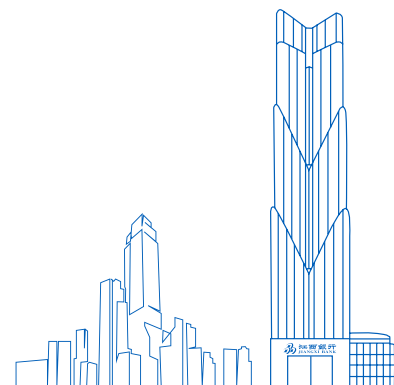
2 *Investment in securities and other financial assets*

During the Reporting Period, paying its close attention to the macroeconomic situation, pandemic, and capital market changes, the Bank continued to implement local regulatory policy and guidelines, flexibly adjusted the investment orientation, and upgraded the asset structure. On the one hand, the Bank returned to its fundamental business. It promoted the steady development of inter-bank business, served the overall situation, and coordinated the transformation and upgrading of companies, investment banks, retail, and other businesses; on the other hand, the Bank contributed its share to the full revitalization of old areas and provided local customers with integrated financing service programs in the financial market.

As of the end of the Reporting Period, the balance of the Bank's bond investment was RMB64.492 billion, and the balance of investment products under the trust plan, investment products under the securities company's management, and other financial products totaled RMB128.633 billion.

3 *Assets management business*

During the Reporting Period, by upholding the spirit of regulatory policies, the Bank strengthened its own brand value of "Yousheng Wealth Management", improved risk prevention and control measures, and carried out the investment management business in an organized fashion. As a result, steady progress was made in the transformation to net worth wealth management. As of the end of the Reporting Period, the Bank's wealth management products had a subsisting balance of RMB37.553 billion, representing an increase of 10.25% from the same period of last year, of which the investment scale of individual customers reached RMB36.368 billion, representing an increase of 14.20% from the same period of last year, and the balance of net-worth wealth management products was RMB13.692 billion, representing a significant increase from the same period of last year. It could be seen that the transformation to net worth wealth management had gone into a fast lane.



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To deepen the transformation and development of the asset management business and enhance the competitiveness of the Bank's wealth management products, the Bank would advance the development of the wealth management business from the following five aspects: First, the Bank would accelerate product innovation, enrich product categories, and launch long-term pension-type and short-term open-ended products for customers with different risk appetites and duration requirements. Second, the Bank would expand the scope of investment and implement the absolute return strategy. By taking the fixed-income assets as the basis, the Bank would explore equity asset portfolio plans and make available characteristic "fixed income +" wealth management products. Third, the Bank would promote the transformation to net worth products, keep improving the product structure, and reduce the scale of expected profitable products in an orderly way in strict accordance with regulatory requirements. Fourth, the Bank would tease out and improve systems and standards, and optimize investment and operation procedures, to achieve refined management of the wealth management business. Fifth, the Bank would actively forestall credit risks, conduct daily prevention and control of liquidity risks, strengthen the whole-process management of business risks, and establish a system for prevention and control of wealth management risks.

3.8.4 Network Finance Business

During the Reporting Period, sticking to the "customer-oriented" service concept, the Bank fully upgraded the original mobile banking system and launched a mobile terminal brand "Handheld Bank" featuring better experience, richer products and integrated functions. The "Handheld Bank" enabled customers to experience all of the Bank's financial ecological services. Keeping up with the development trend of the mobile Internet, the "Handheld Bank" integrated the Bank's large retail business, unified its customer identity authentication system, and provided a social platform for instant communication. It maximized the use of technological resources to provide customers with a brand new user experience.

"Handheld Bank": During the Reporting Period, the Bank steadily migrated up to 86% of users from the original mobile banking to the "Handheld Bank", a sharp increase in the total number of customers. As of the end of the Reporting Period, the number of "Handheld Bank" customers totaled 1,025,200, an increase of 23.56% over the same period of last year.

Online banking: During the Reporting Period, the Bank's online banking was supplemented with such features as anti-fraud risk warnings and strengthened user privacy protection. The Bank initiated the revision of personal online banking and incorporated personal online banking into the "Handheld Bank" management platform for unified management. This would facilitate the unification of user information and data and improve user experience. As of the end of the Reporting Period, the total number of online banking customers of the Bank reached 1,426,200, up by 15.93% year on year; among them, there were 1,373,700 personal online banking customers and 52,500 enterprise online banking customers.



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Telephone banking: During the Reporting Period, the customer service center received a total of 472,000 calls from customers, with an average daily rate of 2,593 calls, 91.51% telephone connection rate, and 99.50% customer satisfaction rate.

WeChat banking: As of the end of the Reporting Period, the Bank's WeChat Official Account had a total of 768,600 followers, up by 5.96% year on year.

3.8.5 International Business

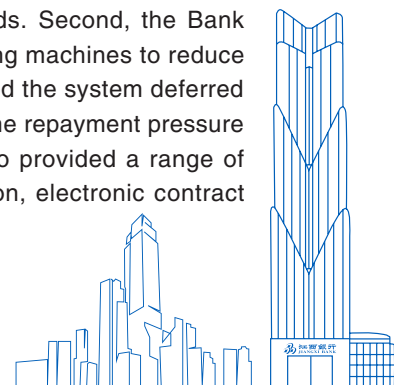
During the Reporting Period, the Bank made steady progress in product launch by keeping in step with the market situation, a great step towards the objectives of improving quality and efficiency and promoting development. Relying on cross-border payment, letter of credit, cross-border guarantee, forfeiting and other products and services and making effective use of the synergy between domestic and foreign currencies, the Bank provided customers with diversified and comprehensive cross-border financial service plans. This steadily increased comprehensive benefits of international businesses.

As of the end of the Reporting Period, the Bank handled international settlement of RMB20.342 billion, up by 47.34% compared to the same period last year; the balance of on-balance-sheet and off-balance-sheet credit under the international business amounted RMB9.677 billion, up by 17.21% compared to the end of last year, among which the domestic letter of credit and forfeiting amounted RMB5.012 billion, representing an increase of 8.37% over the end of last year, and cross-border guarantee amounted RMB4.304 billion, representing an increase of 46.78% over the end of last year.

3.8.6 Information Construction

1 *Relieving the pandemic with the power of science and technology*

Since 2020, the pandemic has wreaked havoc all over the world and has been resurgent, having strong impact on for the banking businesses and the execution of various tasks. The Bank actively responded to various national policies and expanded the business channel to meet the needs of customers at this particular time. First, the Bank adjusted the single limit of its micropayment system to 1 million during working days and to be unlimited during holidays, and canceled the service charges for corporate online banking transfer. At the same time, the Bank updated the domain name certificates of websites of the electronic channel system, and enabled the digital certificate feature for the "Handheld Bank", to ensure timely transfer of customer funds. Second, the Bank disabled the self-circulation feature for cash boxes of cash recycling machines to reduce the flow of paper money among customers. Third, the Bank enabled the system deferred repayment feature for public loans and personal loans. To relieve the repayment pressure on medium, small and micro enterprise customers, the Bank also provided a range of online procedures such as identity authentication, face recognition, electronic contract signing, and electronic contract authentication.



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2 *Keeping up with new types of business and developing blockchain*

During the Reporting Period, the Bank was actively seeking for digital transformation based on blockchain technology and took the following proactive measures: First, the Bank held video conferences and conducted online exchanges with domestic first-tier technology companies such as Hyperchain, Tencent Cloud, Shanghai Wanxiang, etc., to investigate and survey the supply chain, aquaculture, electronic certificates, and other financial scenarios in which they got involved. Second, the Bank paid special visits to beef rearing companies in Ganzhou and Yichun and conducted in-depth investigation and survey on industry development, corporate financial needs, etc. The Bank also studied the “online business of small and micro enterprises-breeding industry” scenario and investigated preliminary credit. Third, the Bank focused its investigation and survey on the technologies of real person authentication, audio and video recording, external signing, and judicial storage of contract data on the Ant Financial Cloud Platform, to explore the feasibility of integrating the technologies with the Bank’s businesses. As of the first half of the year, a preliminary blockchain business plan was formed.

3 *Exploring new marketing models and expanding the financial ecosystem*

Based on the Bank’s “Handheld Bank” and drawing on WeChat’s advantages in social contact, the Bank worked to build the WeBank Platform and Jiangxi Bank Micro Shop with the combination of marketing and distribution. Among them, the first phase of the Jiangxi Bank Micro Shop was put into production on March 26 and was officially promoted within the Bank. At the end of May, version 2.0 supplemented with products and features like funds, gold, insurance, and OLA treasure was launched. As of the end of the Reporting Period, approximately 3,000 customer managers opened micro-shops, which got a response. The “WeBank Platform” was also under development with keen determination.

4 *Improving risk control based on data analysis*

During the Reporting Period, the Bank focused on tackling the pains and difficulties troubling iterations of the modeling of business risk control. The Bank improved the construction of the risk indicator database based on big data analysis; and made a detailed statistical analysis of the following three types of data: the IV, miss rate, and concentration of each risk indicator; the roll rate, vintage, partial repayment rate (入催率), and FPD of the Instant Loan products; and the risk control strategy and scoring model of standard credit card (信用卡標卡) and scene staging. The internal evaluation engine and model were optimized and the intelligence of risk control was gradually elevated with the above measures.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

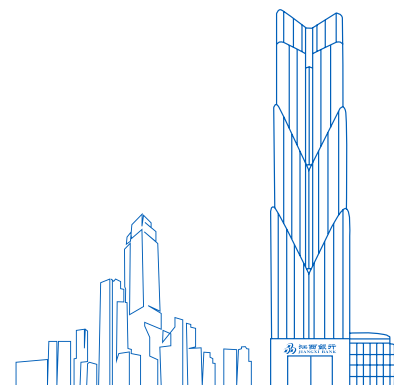
3.8.7 Subsidiary Business

1 *Subsidiary business*

Jiangxi Financial Leasing Corp., Ltd. (“Jiangxi Financial Leasing”) was established in November 2015 with a registered capital of RMB1 billion, which is held as to 51% by Jiangxi Bank. In March 2018, the registered capital of Jiangxi Financial Leasing was increased to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing has always adhered to the development direction of “based in Jiangxi, facing the whole country, looking forward to the international market, and providing professional financial leasing services”, effectively served the national strategies including the “Belt and Road Initiative”, Yangtze River Economic Zone and the Revitalization of the Former Central Soviet Area, mainly supported public water conservancy facilities, advanced manufacturing, transportation, tourism development, energy and chemical engineering, medical and health care, agriculture, forestry, animal husbandry and fishing, and cultural education, and made achievements in the asset scale and business innovation. On May 19, 2020, the credit rating of Jiangxi Financial Leasing was rated as AAA by China Cheng Xin International Credit Rating Co., Ltd. with a stable outlook.

As of the end of the Reporting Period, the total assets of Jiangxi Financial Leasing reached RMB16.813 billion, representing a decrease of 17.70% as compared with RMB20.430 billion at the beginning of the year primarily due to the decline in leasing business compared with the same period last year affected by the COVID-19 epidemic; the net assets was RMB2.757 billion, representing an increase of 4.04% as compared with RMB2.650 billion at the beginning of the year. In the first half of 2020, it realized net profit of RMB106 million, decreased by 19.08% year-on-year. All the regulatory indicators were up to standard. As of the end of the Reporting Period, Jiangxi Financial Leasing obtained an interbank credit line of RMB62.701 billion from 113 financial institutions. The available credit line was sufficient, and the liquidity indicators were within an appropriate range, which guaranteed the Company’s needs for continuous issuance of loans and the payment of due liabilities.

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 *Immaterial businesses of affiliated enterprises*

As of the end of the Reporting Period, the Bank initiated and established 5 village and township banks, namely, Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐桔都村鎮銀行有限責任公司), Jinxian Ruifeng County Bank Co., Ltd. (進賢瑞豐村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). As of the end of the Reporting Period, total assets of these village and township banks were RMB2.797 billion, up by RMB240 million from the end of last year; total loans were RMB1.670 billion, up by RMB138 million from the end of last year; total liabilities were RMB2.365 billion, up by RMB233 million from the end of last year.

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

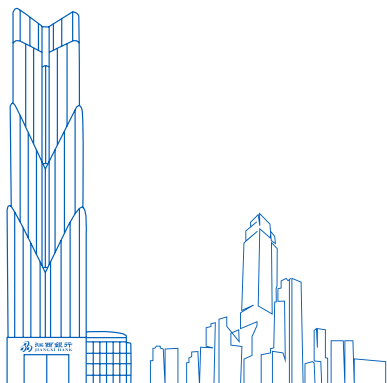
3.9 PLEDGED ASSETS OF THE GROUP

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

3.10 RISK MANAGEMENT

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

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

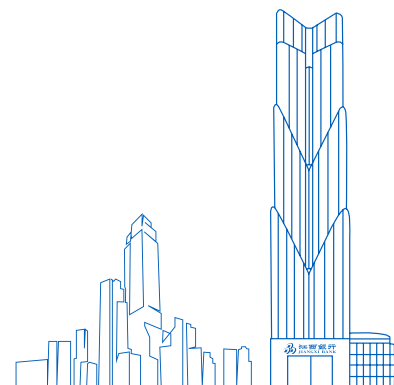
The Bank has established an organizational structure for risk management featuring “centralized management and matrix distribution” to clarify risk management responsibilities, and form three defense lines of risk management: “business unit to control by itself in the first line, risk department to manage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

3.10.1 Management of Credit Risk

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

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

1. Improved unified credit management. The Bank implemented uniform control over the credit line of credit customers in the Bank and its subsidiaries, and incorporated low-risk business line, personal credit line, and credit card line into unified credit management.
2. Strengthened concentration risk management. The Bank set a ceiling for single credit customers and group credit customers, and prudently reviewed the real fund gap of customers, to avoid “excess credit”. The Bank strengthened the management of the “duration of credit granting”, reduced the concentration of duration, and rationally allocated long- and short-term credit resources.
3. Expanded scope of credit risk monitoring and early warning. The Bank strengthened the introduction of external data, deepened the use of risk data of PBoC such as credit, tax and power information, and refined the rules for early warning indicators of credit risks. The Bank expanded the breadth of monitoring and included the businesses of subsidiaries in the scope of monitoring, to achieve group-wide coverage of credit risk monitoring.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.10.2 Liquidity Risk Management

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

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

1. The Bank continuously and closely monitored the assets and liabilities in each term interval, and analyzed the source and use of funds, actively marketed core liabilities, sought inter-bank funding sources when needed, and carefully and moderately regulated the development strategy of medium-term and long-term assets, so as to maintain an overall balanced development of assets and liabilities. As of June 30, 2020, the Group's liquidity ratio was 67.88%; NSFR was 136.57%; and liquidity coverage ratio was 298.37%. The balance of qualified high-quality liquid assets was RMB43.876 billion, and the amount of net cash outflow in the next 30 days was RMB14.705 billion.
2. The Bank conducted real-time monitoring of the daily daytime liquidity and flexible allocation of capital positions based on the trend of the capital market and customer needs, ensure the reserve at a reasonable level, so as to guarantee the Group's daytime fund payment security.
3. The Bank conducted dynamic monitoring of various liquidity indicators, realized steady improvement of the indicators, and achieved reasonable matching of assets and liabilities by adjusting the maturity structure of assets and liabilities.
4. The Bank set the corresponding liquidity limit amount or percentage from the perspective of the Bank's risk appetite and the results of the liquidity stress test to achieve the purpose of balancing risks and revenues.
5. The Bank laid a solid foundation for the Group's multi-layer liquidity reservation, and built a strong defense against liquidity risks through further increasing the proportion of highly liquid assets, properly allocating liquid assets under different maturity and maintaining a reasonable and sufficient provision.
6. The Bank conducted a liquidity emergency drill in a scientific manner, simulated the impact of small-probability events in an emergency situation, handled all nodes safely, optimized emergency management mechanism, and improved the emergency handling ability to keep the liquidity risk of the Group stable and controllable.



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3.10.3 Market Risk Management

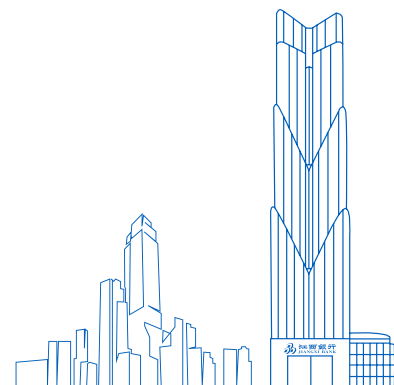
Market risks refer to the risks of losses in banks' on- and off-balance sheet businesses arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices, which exist in the trading and non-trading businesses of banks.

The major market risks faced by the Bank are transaction book interest rate risk and bank book exchange rate risk.

1 *Interest rate risk analysis*

During the Reporting Period, the Bank improved the management of interest rate risks through following measures:

- (1) The Bank continued to improve the market risk system. We formulated policies for managing the limit of the financial market business, revised the credit management system of the Group's financial institutions, and standardized the process and key points for assessing the risks encountering the new product market.
- (2) The Bank continuously monitored the market risk status. We implemented price rate monitoring of the bond business on a daily basis through limit control and threshold management, to ensure the compliance of transaction operations and control deviation of transactions. We carried out stress tests at regular intervals, enriched stress test scenarios, conducted quota control using stress test results, and monitored quota implementation at regular intervals.
- (3) The Bank made actual profit and loss analysis. We conducted daily profit and loss measurement of proprietary bond trading mainly, supplemented by other mark-to-market bond businesses. We conducted the multi-party verification in the first, second, and third lines to ensure the accuracy of profit and loss measurement.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Exchange rate risk analysis

Exchange rate risks refer to risks that adversely affect the position level and cash flow of foreign exchange exposure held by the Bank due to exchange rate fluctuations.

During the Reporting Period, the Bank had relatively small foreign exchange risk exposure. The Bank's primary measures for controlling exchange rate risk were to rationally match asset and liability denominated in every foreign exchange currency, strengthen monitoring over the foreign currency exposure on a daily basis, and execute the operation for position-closing of foreign exchange settlement and sales in due time to prevent currency exchange losses arising from exchange rate fluctuation.

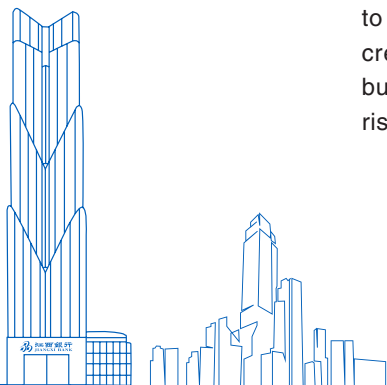
During the Reporting Period, the Bank's market risks were controllable on the whole.

3.10.4 Operational Risk Management

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

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

1. Continuing to improve the operational risk system. We revised the Administrative Measures of Jiangxi Bank for Operational Risk to strengthen the identification, evaluation, monitoring and control of operational risks facing subsidiaries; and revised the Administrative Measures of Jiangxi Bank for Outsourcing Risk, adjusted the Bank's organizational structure for outsourcing management, and standardized the management scope and process of outsourcing activities.
2. Promoting the use of tools for managing operational risks. We continuously monitored key risk indicators, collected the lost data caused by operational risks, revealed the key operational risk areas that resulted in actual losses, and monitored the operational risk management of each business line. At the same time, we assessed the operational risks of subsidiaries to further enhance their risk prevention and control capabilities.
3. Organizing and promoting the supervision and inspection of operational risks. We organized the formulation of the 2020 inspection plan for operational risks, and continued to promote the implementation of supervision and inspection. For key areas such as credit business, counter business, wealth management business, and security, all business lines of the Bank independently carried out relevant inspections of operational risks, to comprehensively detect hidden operational risks.



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4. Continuing to optimize operational risk system modules. We made improvements to such modules as process combing and key risk indicators, and strengthened the identification and monitoring of operational risks of the Bank.
5. Further strengthening the control of employee behavior. The Bank continuously investigated employees' business holdings, large debts, illegal guarantees, and introducing external information to identify the employees' involvement in cases and lawsuits. In addition, the Bank joined hands with public security organs to comprehensively investigate whether the Bank's employees had misdeeds while continuing to maintain a tough position in crime prevention.

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

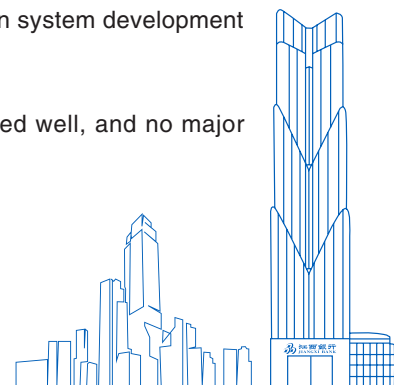
3.10.5 Information Technology Risk Management

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

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

1. We continued to promote the construction of intra-city and remote disaster recovery centers, gradually promoted the upgrading and transformation of intra-city disaster recovery systems, and advanced the construction of new remote disaster recovery centers systematically.
2. We carried out various forms of business continuity drills, including switching drills of intra-city disaster recovery center for key information system and alternative system process drills, to further improve the coping capabilities of emergency teams.
3. We made business impact analysis, conducted overall research on key businesses and information systems, identified the impact of major business interruptions, and set recovery goals aligned with business needs.
4. We continued to carry out life cycle management of information system development projects, and implemented online risk assessment of key information system development projects.

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



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

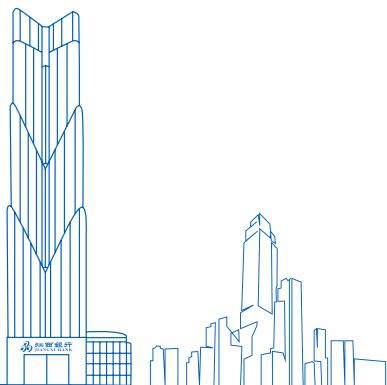
3.10.6 Legal and Compliance Risks

1 *Legal risk*

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

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

- (1) Strengthening legal risk prevention. The Bank actively supported the legal services during the pandemic, collected and studied the pandemic related policies, regulations, and judicial interpretations, and provided effective legal services for pandemic prevention and control, work resumption, and credit support. In addition, the Bank employed a number of external law firms as legal counsels for important business lines, to ensure the legal risk prevention and control of the Bank's major and innovative businesses.
- (2) Improving the quality and effectiveness of legal management. The Bank continuously optimized and modified the "three-in-one" full-function management platform of internal control, compliance management and operational risk, gave full play to its role as an important management tool for internal control and legal compliance, promoted the systematic and intelligent management of legal affairs, such as legal text review and case management, and effectively improved the legal management quality and efficiency of the Bank.
- (3) Fostering an atmosphere of legal awareness. The Bank actively carried out various trainings on legal knowledge and skills to continuously improve the legal awareness and legal standards of the employees of the Bank. The Bank organized the learning of newly issued rules, regulations and policies, conducted demonstration research based on the risk points discovered in the business development process of the Bank, and provided risk warnings. These efforts helped to create a legal awareness environment within the Bank.



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2 *Compliance risk*

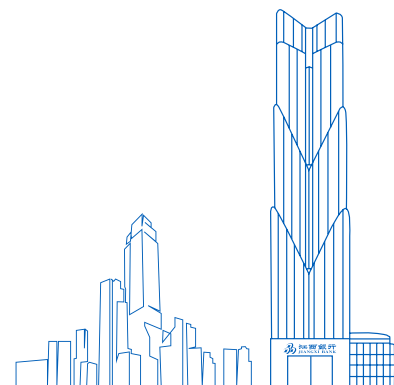
Compliance risks refer to the risks of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

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

- (1) Revising and improving the compliance system. The Bank continued to revise its business and management systems, and made compliance revisions to various rules and regulations concerning wealth management business, inter-bank business, personal loan, agency insurance, credit review, and credit file management. In addition, the Bank made continuous improvements to various business and management processes.
- (2) Promoting compliance supervision and inspection. On the basis of sorting out the focus of supervision and frequent issues in the industry, the Bank worked out an annual compliance inspection plan, and efficiently coordinated the arrangement of inspection resources. Moreover, the Bank strengthened inspections before, during, and after lending as well as the investigation and handling of violations in areas with a high incidence, like the counter businesses.
- (3) Deepening the development of compliance culture. The Bank continued to carry out normalized compliance education, prepared “Compliance Briefings”, published “Risk Warnings”, and organized and conducted key system tests on case prevention, compliance, corporate business, etc. With the efforts, the employees’ awareness of compliance management was strengthened and the development of compliance culture was deepened within the Bank.

3 *Money laundering risks*

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



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During the Reporting Period, the Bank continued to optimize the anti-money laundering work system, management process, and system functions around the theme of building sound money laundering risk management, to effectively improve the quality and efficiency of anti-money laundering.

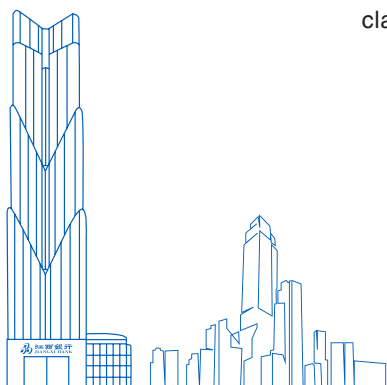
- (1) Promoting a special project for comprehensively assessing money laundering risks. The Bank introduced third-party consulting companies to identify and analyze its internal and external money laundering risks and evaluate the effectiveness of its risk control mechanism, and urged efforts to solve the problems detected.
- (2) Improving the anti-money laundering system. The Bank elaborated the strategy for money laundering risk management, subsidiary management, plans for major money laundering risks, performance appraisal and accountability mechanisms, and high-risk country/regional control, to strengthen the effectiveness of the anti-money laundering system.
- (3) Upgrading the function of the anti-money laundering monitoring system. The Bank organized technology manufacturers to further improve such functions as models of anti-money laundering monitoring and early warning, standards of customer risk rating, product risk assessment, and blacklisted customer management and control.
- (4) Going into anti-money laundering training and education. The Bank, by combining live streaming and offline teaching, continued to provide anti-money laundering training for employees and vigorously fostered their awareness of anti-money laundering compliance.

3.10.7 Reputational Risks

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

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

1. The Bank strengthened public opinion monitoring and the relating risk investigation, improved the prevention and warning system, conducted regular risk investigations, clarified internal reporting channels, and strengthened disclosure management.



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2. The Bank strengthened plan management, implemented emergency plans, established joint prevention and control mechanisms, and appropriately handled reputational risk events to effectively maintain brand reputation.
3. The Bank continued to carry out reputational risk training to raise employees' awareness of reputational risks and cultivated the culture of reputational risk management.
4. The Bank strengthened positive publicity, explored new approaches to communication, and intensified the guidance of public opinion. All this was conducive to improving the Bank's brand reputation.

3.10.8 Strategic Risks

Strategic risks refer to the risks caused by improper business strategy or changes in the external business environment.

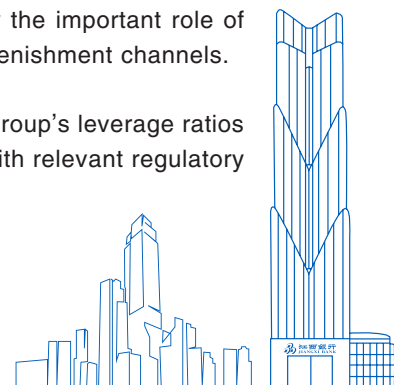
The strategic risk management of the Bank is designated to continuously adjust and improve the company's strategies and management strategy system according to changes in the market environment and the corporate's own development to ensure that the corporate strategic risks are reasonably controllable.

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

3.10.9 Capital Management

As of December 31, 2018, December 31, 2019 and June 30, 2020, the adequacy ratios of the Group's core tier-one capital were 10.78%, 9.96% and 10.02%, respectively; the adequacy ratios of the Group's tier-one capital were 10.79%, 9.97% and 10.03%, respectively; the adequacy ratios of the Group's capital were 13.60%, 12.63% and 12.69%, respectively. As of June 30, 2020, Jiangxi Bank has issued two tranches of tier-two capital bonds, both of which are 10-year fixed interest rate bonds (redemption rights with preconditions at the end of the fifth year). The amount of the first tranche is RMB3 billion and the maturity date of bonds is June 7, 2027; the amount of the second tranche is RMB3 billion and the maturity date of bonds is September 28, 2027; according to development needs, the Group will continue to play the important role of tier-two capital bonds as capital replenishment and broaden capital replenishment channels.

As of December 31, 2018, December 31, 2019 and June 30, 2020, the Group's leverage ratios were 7.35%, 7.20% and 7.04%, respectively, which are in compliance with relevant regulatory requirements in China.



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Capital Adequacy Ratios

Item	As of June 30, 2020	As of December 31, 2019
	Amount (in millions of RMB)	Amount
Net core tier-one capital	34,770.82	34,572.38
Net tier-one capital	34,812.51	34,618.70
Net tier-two capital	9,220.21	9,205.50
Net capital base	44,032.72	43,824.20
Risk weighted assets	346,937.57	347,120.02
– Credit risk-weighted assets	323,010.90	324,033.04
– Market risk-weighted assets	3,227.31	2,387.62
– Operational risk-weighted assets	20,699.36	20,699.36
Core tier-one capital adequacy ratio	10.02%	9.96%
Tier-one capital adequacy ratio	10.03%	9.97%
Capital adequacy ratio	12.69%	12.63%

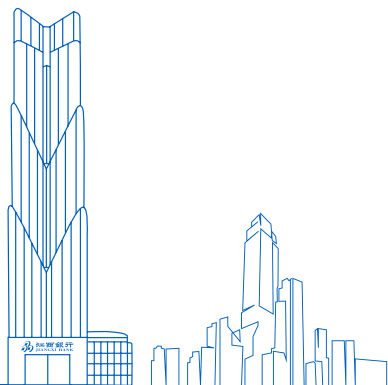
3.11 SOCIAL RESPONSIBILITIES

3.11.1 Assisting in Poverty Alleviation

First, strength the building of the poverty-alleviation team. During the Reporting Period, 15 poverty-alleviation teams of the Bank started to help targeted poor families in Jiangxi Province. A total of 20 poor villages have been helped; the Bank has made pairs with 181 households.

Second, greatly advance the poverty alleviation through projects. Centering on the policy of “Two Free of Worries and Three Guarantees”, the Bank has invested an aggregate of RMB12.11 million to lift out of the poverty in poor areas of Jiangxi Province. The investments were used to build Hope Schools, roads connecting villages, environmental protection and sanitation projects.

Third, promote the targeted efforts of poverty alleviation. As at the end of the Reporting Period, the balance of loans for financial targeted poverty alleviation reached RMB816 million, representing an increase of RMB87 million over the end of last year. 66 loans were issued to individual poor households with registered cards, with total amount of RMB 4.539 million.



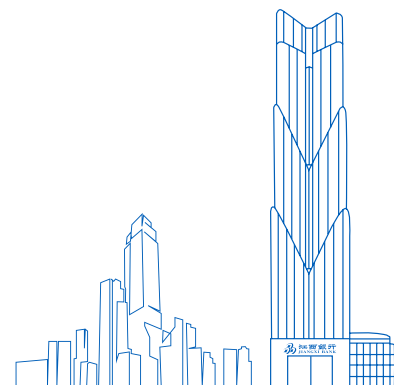
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3.11.2 Support the prevention and controlling of the pandemic

The first is to grant more loans. The Bank has provided robust financial services to the companies manufacturing the virus prevention materials to help them resume work and production as well as expand operation capacity. As at the end the Reporting Period, the Bank has supported 271 enterprises fighting against the virus with RMB7.171 billion. **The second is to upgrade financial services.** The policy of “reducing fees and transferring benefits” has been implemented; for those enterprises with poor performance, the Bank has provided differentiated financial services such as give temporary permissions to these enterprises so they can repay the principal and interests after the deadline, and lower down the loan rates. **The third is to engage in charity activities.** The Bank donated RMB20 million to the Jiangxi Charity Federation. The leaders and employees throughout the Bank donated RMB 3,110,136.33 to the organization. The donation will be used to prevent and control the virus as well as treat infected persons.

3.11.3 Serving Local Development

First, we supported major and key projects. During the Reporting Period, centering on the theme of Jiangxi Province’s “Year of Speeding Up Projects” and on the action plan of “2+6+N”, we took the initiative to connect to the special loan project aimed to shore weak spots, promote upgrades and stabilize investment issued by the Jiangxi Development and Reform Commission, and to the name list of key industries and enterprises issued by the Nanchang Center branch under the People’s Bank of China. In total, the Bank has granted over RMB5 billion. An aggregate of more than RMB3 billion of loans has been released to key areas such as the Innovation and Pilot Zone for the Inheritance of Ceramics Culture in Jingde Town of Jiangxi Province, Science and Technology Innovation City of Traditional Chinese Medicine in Ganjiang New District and Shangrao High-speed Rail Economy Experimental Zone. **Second, we have acted under the guidance of green finance.** As at the end of the Reporting Period, the Bank had granted a total green credit of RMB13.971 billion, supporting such green industry projects as green agriculture development projects, industrial energy and water conservation projects. **Third, the Bank developed easily-accessed finance.** We increased re-loans for small and micro enterprises, expanded the application of supply chain products such as “Cloud Chains for Enterprises” and “ZhengBang Loans”, and completed the goal of “Two Increases and Two Controls” for small and micro enterprises set by CSRC for this phase.



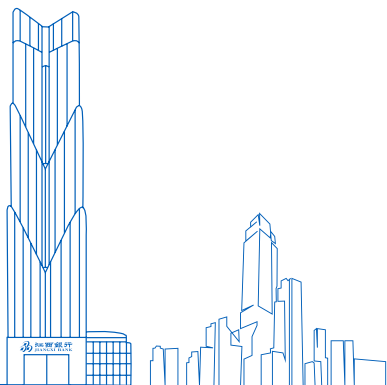
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3.11.4 Protecting Rights and Interests of Consumers

First, improve the service experience for customers. During the Reporting Period, we acted proactively and took special measures to guide customers to conduct business through online channels and reduce gathering of people. Meanwhile, we provided door-to-door financial services for special financial consumers. **Second, develop new ways to serve customers.** We have introduced exclusive service plans mainly in scenarios related to medical care, and education so as to seamlessly connect the financial and non-financial scenarios. **Third, we carried out financial knowledge popularization.** The Bank organized 12 large-scale educational activities such as “March 15 Financial Consumer Rights Day” and “Spreading Financial Knowledge and Keeping Money Bag”. The Bank has taken active steps to spread fundamental financial knowledge and continuously improve the quality and effectiveness of the education activities on financial knowledge.

3.12 FUTURE DEVELOPMENT PROSPECTS

For the moment, the pandemic is still spreading abroad, the world economy is still struggling to restart, and the recovery of domestic demand is still under certain constraints. The pressure to stabilize enterprises and ensure employment cannot be underestimated. However, China’s economy boasts the advantages of a sound industrial system, increasingly improved infrastructure and a huge market. These advantages will still play their full role in the second half of the year to effectively cope with the impact of the pandemic. Looking ahead to the second half of the year, supported by a more proactive fiscal policy and a more prudent and flexible monetary policy, China’s economy will continue its basic trend of “stable, positive and long-term growth”. With the further intensification of the work to ensure stability on six fronts and maintain security in six areas, as well as the further achievements of various policies and measures to stabilize economic growth, the economy of Jiangxi Province is expected to continue the trend of accelerating the stabilization in the second quarter. In the second half of 2020, the Bank will focus on rectification, risk control, quality and efficiency improvement and development, strengthen the disposal of non-performing assets, cultivate characteristic financial products, continue to promote scientific and technological innovation, improve internal control compliance construction, and promote the smooth completion of all targets and tasks throughout the year.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of June 30, 2020, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

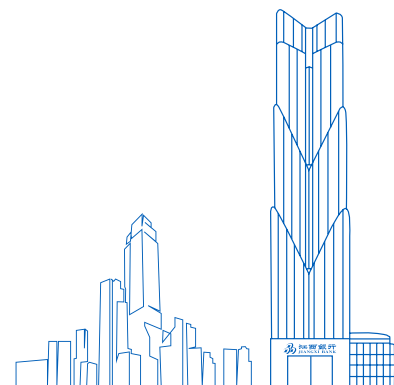
(Unit: share)

Item		As of December 31, 2019	Changes in the Reporting Period	As of June 30, 2020
Domestic Shares	State capital	538,211,420	—	538,211,420
	Corporate capital	4,061,284,921	—	4,061,284,921
	Personal capital	79,280,560	—	79,280,560
H Shares		1,345,500,000	—	1,345,500,000
Total		6,024,276,901	—	6,024,276,901

4.2 INFORMATION ON SHAREHOLDERS

4.2.1 Total Number of Domestic Shareholders

As of June 30, 2020, the Bank had 9,506 Domestic Shareholders, including 30 State Shareholders, 285 corporate Shareholders and 9,191 natural person Shareholders.

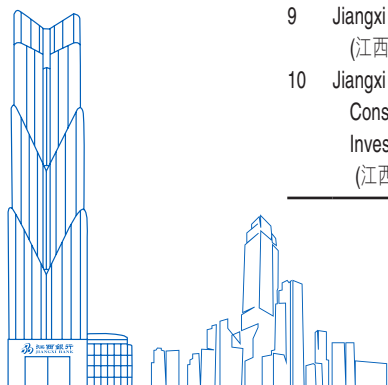


CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

(Unit: share)

No.	Name of Shareholder	Nature of Shareholder	Total number of shares held as of June 30, 2020	Percentage of total share capital as of June 30, 2020 (%)	Pledged or frozen shares Status of shares	Number
1	Jiangxi Provincial Expressway Investment Group Co., Ltd. (江西省高速公路投資集團有限責任公司)	State-owned corporate shareholder	937,651,339	15.56	Normal	–
2	Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司)	State-owned corporate shareholder	347,546,956	5.77	Pledged	132,150,000
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd. (江西省錦峰投資管理有限責任公司))	State-owned corporate shareholder	263,000,000	4.37	Normal	–
4	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	253,411,300	4.21	Normal	–
5	Pingxiang Huixiang Construction Development Co., Ltd. (萍鄉市匯翔建設發展有限公司)	State-owned corporate shareholder	241,088,500	4.00	Normal	–
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned corporate shareholder	180,000,000	2.99	Normal	–
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	General corporate shareholder	140,000,000	2.32	Normal	–
9	Jiangxi Zhongbang Trade Co., Ltd. (江西省眾邦經貿有限公司)	General corporate shareholder	100,763,200	1.67	Pledged and Judicially Frozen	100,763,200
10	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned corporate shareholder	99,830,800	1.66	Normal	–



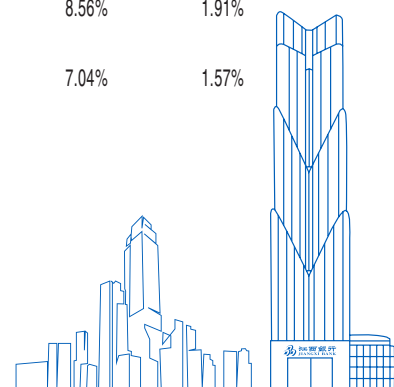
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

To the best knowledge of the Bank and the Directors, as at June 30, 2020, the following substantial Shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

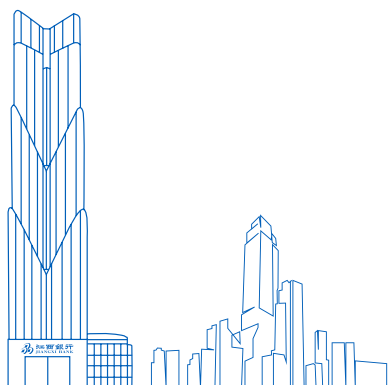
(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Jiangxi Provincial Expressway Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	7.43%	5.77%
China National Tobacco Corporation Jiangxi Branch ⁵	Domestic Shares	Beneficial owner	180,000,000 (L)	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	1.77%	1.38%
Nanchang Municipal Bureau of Finance ⁶	Domestic Shares	Beneficial owner	253,411,300 (L)	5.42%	4.21%
Pingxiang Huixiang Construction Development Co., Ltd. ⁷	Domestic Shares	Beneficial owner	241,088,500 (L)	5.15%	4.00%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	16.28%	3.64%
L.R. Capital Financial Holdings Limited ⁸	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
AMTD Group Company Limited ⁸	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
AMTD Asia Limited ⁸	H Shares	Beneficial owner	122,841,500 (L)	9.13%	2.04%
Huaxun International Group Limited	H Shares	Beneficial owner	122,776,000 (L)	9.12%	2.04%
Road Shine Developments Limited ⁹	H Shares	Beneficial owner	115,213,000 (L)	8.56%	1.91%
CITIC Guoan Group ⁹	H Shares	Interest of controlled corporation	115,213,000 (L)	8.56%	1.91%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Beneficial owner	94,840,500 (L)	7.04%	1.57%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

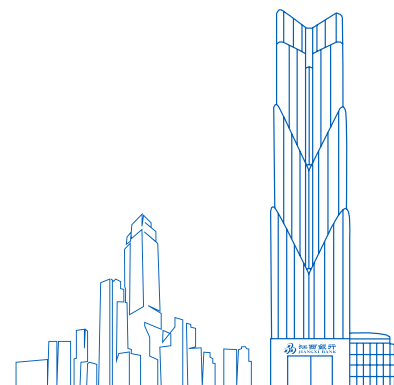
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan No. 10/ Guotai Asset Management Co Ltd-CHINA GUANGFA BANK CO. LTD-GT FUND-QDII1-10 Principal: Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Trustee	94,840,500 (L)	7.04%	1.57%
Mingyuan Group Investment Limited ¹¹	H Shares	Beneficial owner	81,308,000 (L)	6.04%	1.35%
SHUM Tin Ching ¹¹	H Shares	Interest of controlled corporation	81,308,000 (L)	6.04%	1.35%
WANG Xinmei ¹¹	H Shares	Interest held jointly with another person	81,308,000 (L)	6.04%	1.35%
Zhenro Hong Kong Limited ¹²	H Shares	Beneficial owner	77,604,500 (L)	5.77%	1.29%
Zhenro International Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
Zhenro Properties Group Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
RoYue Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
OU Zongrong ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
LIN Shuying ¹²	H Shares	Interest held jointly with another person	77,604,500 (L)	5.77%	1.29%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

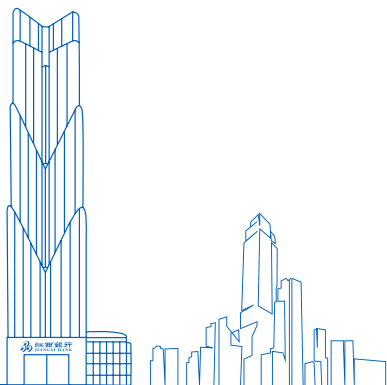
Notes:

1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2020, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Provincial Expressway Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Expressway Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳) and its ultimate beneficiary is Jiangxi Provincial Expressway Investment Group Co., Ltd..
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller both are Asset Management Center of Administrative Institutions in Jiangxi Province (江西省行政事業單位資產管理中心) and its ultimate beneficiary is Jiangxi Financial Holding Group Co., Ltd..
5. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司) and its ultimate beneficiary is China National Tobacco Corporation Jiangxi Branch.
6. Nanchang Municipal Bureau of Finance (南昌市財政局) is a state-owned shareholder, whose responsible person is WAN Yuyuan. Its ultimate beneficiary is Nanchang Municipal Bureau of Finance.
7. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LUO Haiping. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會) and its ultimate beneficiary is Pingxiang Huixiang Construction Development Co., Ltd..



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

8. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. L.R. Capital Financial Holdings Limited directly holds 71.03% of the interests of AMTD Group Company Limited. Therefore, according to the SFO, both AMTD Group Company Limited and L.R. Capital Financial Holdings Limited are deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.
9. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.
10. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
11. Mingyuan Group Investment Limited holds 81,308,000 shares of the Bank. Mingyuan Group Investment Limited is wholly-owned by SHUM Tin Ching and WANG Xinmei. Therefore, according to the SFO, SHUM Tin Ching and WANG Xinmei (the spouse of SHUM Tin Ching) are deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.
12. OU Zongrong and LIN Shuying indirectly hold 77,604,500 H Shares of the Bank held by Zhenro Hong Kong Limited through their controlled corporations RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited. Therefore, according to the SFO, OU Zongrong, LIN Shuying (the spouse of OU Zongrong), RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited are deemed to be interested in the Bank's H Shares held by Zhenro Hong Kong Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

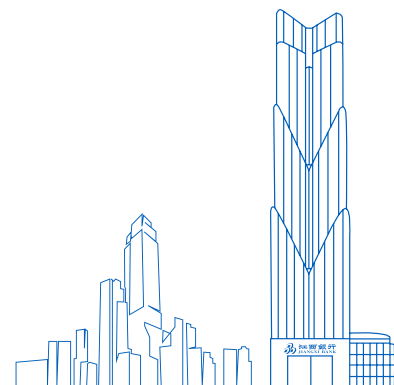
See 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

4.2.5 Other Substantial Domestic Shareholders

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

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

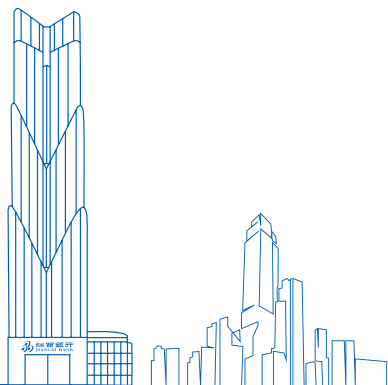
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate % of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Ganshang Union (Jiangxi) Co., Ltd. ³	Domestic Shares	Beneficial owner	148,308,400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



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

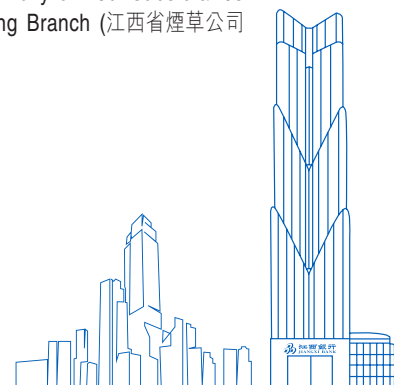
1. (L) represents long position, and (S) represents short position.
2. As at June 30, 2020, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Ganshang Union (Jiangxi) Co., Ltd. is a general corporate shareholder, whose legal representative is WU Xuan (伍暄). Its ultimate beneficiary is WU Xuan (伍暄).
4. Jiangxi Copper Company Limited is a general corporate shareholder, whose legal representative is LONG Ziping. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province and its ultimate beneficiary is Jiangxi Copper Company Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

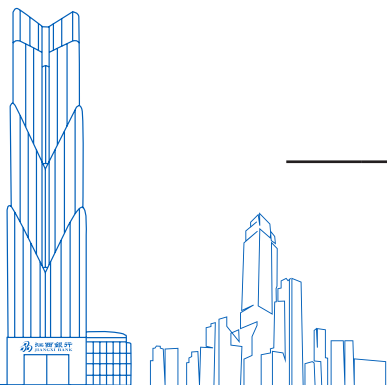
4.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial Shareholders	Related parties of substantial Shareholders
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Provincial Expressway Investment Group Co., Ltd.: Department of Transportation of Jiangxi Province; 45 subsidiaries including Jiangxi Highway Development LLC, Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司), Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Ganchong Expressway Co., Ltd. (江西省贛崇高速公路有限責任公司), Jiangxi Expressway Petrochemical Co., Ltd. (江西高速石化有限責任公司), and Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司); two affiliated enterprises: Jiangxi Ruixun Expressway Co., Ltd. (江西省瑞尋高速公路有限責任公司) and Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd.
2	Jiangxi Financial Holding Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Financial Holding Group Co., Ltd.: Asset Management Center of Administrative Institutions in Jiangxi Province; two wholly-owned subsidiaries: Nanchang Dingxiang Real Estate Development Co., Ltd. (南昌鼎祥房地產開發有限公司) and Jiangxi Financial Holding Investment & Development Group Co., Ltd. (江西省金控投資開發集團有限公司); two subsidiaries in which Jiangxi Financial Holding Group Co., Ltd. holds more than 50% shares: Jiangxi Rich Futures Co., Ltd. and Jiangxi Re-guarantee Co., Ltd.; sub-subsidiaries: Jiangxi Xingsen International Trade Co., Ltd., Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. (江西金資供應鏈金融服務有限公司), Quannan Hengbang Real Estate Co., Ltd. (全南縣恒邦置業有限公司) and Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司); six joint ventures: Jiangxi Financial Asset Management Co., Ltd., Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), Jiangxi Joint Equity Exchange Center Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Financial Holding Investment Management Center (江西金控投資管理中心), Huitong Huifu Co., Ltd. (匯通匯付股份有限公司); one affiliated enterprise: Jiangxi Financial Holding Capital Management Co., Ltd. (江西省金控資本管理有限公司).
3	China National Tobacco Corporation Jiangxi Branch	De facto controller and controlling shareholder of China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司): China National Tobacco Corporation (中國煙草總公司); 16 wholly-owned subsidiaries including Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司).



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial Shareholders	Related parties of substantial Shareholders
4	Nanchang Municipal Bureau of Finance	None
5	Pingxiang Huixiang Construction Development Co., Ltd.	De facto controller of Pingxiang Huixiang Construction Development Co., Ltd.: Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會); controlling shareholder: Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司); shareholders: Pingxiang New Area Construction Installation General Company (萍鄉市新區建築安裝總公司), Jiangxi Zhenxing Development Huixiang No.1 Investment Center (江西振興發展匯翔一號投資中心) and China Agricultural Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司); subsidiary: Pingxiang Huiyi Construction Development Co., Ltd. (萍鄉市匯怡建設發展有限公司); sub-subsidiary: Jiangxi Xingxing Technology Co. Ltd (江西星星科技有限責任公司); joint venture: Pingxiang Jianyu Real Estate Co., Ltd. (萍鄉市建宇置業有限公司). Other enterprise under the control of the same parent company of Pingxiang Huixiang Construction Development Co., Ltd.: Pingxiang Huisheng Industrial Investment Management Co., Ltd. (萍鄉市匯盛工業投資管理有限公司) and Jiangxi Huiheng Real Estate Co., Ltd. (江西匯恒置業有限公司).
6	Ganshang Union (Jiangxi) Co., Ltd.	De facto controller of Ganshang Union (Jiangxi) Co., Ltd.: WU Xuan (伍暉); brother enterprise: Nanchang Yatuo Architectural Design Co., Ltd. Other enterprises: Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司), Jiangxi Luhui Shengyuan Industrial Co., Ltd. (江西麓匯聖源實業有限公司), Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司), Jiangxi Lianrong Xingguangyuan Collaborative Innovation Co., Ltd. (江西聯融新光源協同創新有限公司), and Jiangxi Lianchuang Zhiguang Science & Technology Co., Ltd. (江西聯創致光科技有限公司).
7	Jiangxi Copper Company Limited	De facto controller of Jiangxi Copper Company Limited: State-owned Assets Supervision and Administration Commission of Jiangxi Province; controlling shareholder of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Limited; 32 subsidiaries in which Jiangxi Copper Company Limited directly holds 100% shares including Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司); Subsidiaries of Thermonamic Electronics (Jiangxi) Corp., Ltd and Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd. (江西銅業集團(東鄉)鑄造有限公司), etc.; brother enterprise of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Copper Strip Co., Ltd. (江西銅業集團銅板帶有限公司), etc.; other enterprises controlled by the controlling shareholder of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. (江西銅業集團七寶山礦業有限公司), etc..

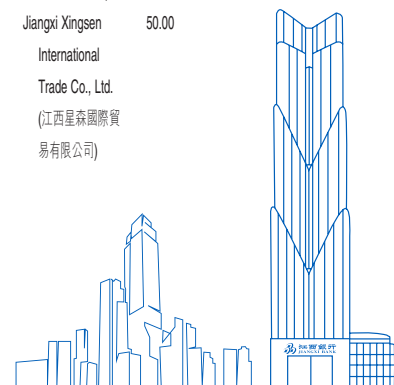


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4.2.7 Related Party Transactions between the Bank and the Substantial Domestic Shareholders and Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert, and Ultimate Beneficiaries thereof in the Reporting Period

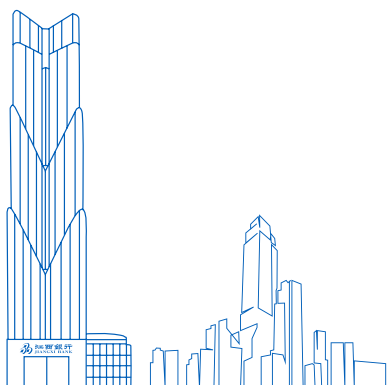
(Unit: in millions of RMB)

No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise		De facto controller	Persons acting in concert		Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
			Credit balance	De facto controller		Credit balance	Persons acting in concert						
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	1,253.89	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Expressway Investment Group Co., Ltd.	1,253.89	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd.	344.61	1,598.50
2	Jiangxi Financial Holding Group Co., Ltd.	600.00	Asset Management Center of Administrative Institutions in Jiangxi Province	-	Asset Management Center of Administrative Institutions in Jiangxi Province	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	600.00	Jiangxi Financial Asset Management Co., Ltd.; Jiangxi Re-guarantee Co., Ltd.; Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司); Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. (江西金資供應鏈金融服務有限公司); Quannan Hengabng Real Estate Co., Ltd. (全南縣恒邦置業有限公司); Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司)	126.07 134.00 150.00 140.00 50.00	1,350.07



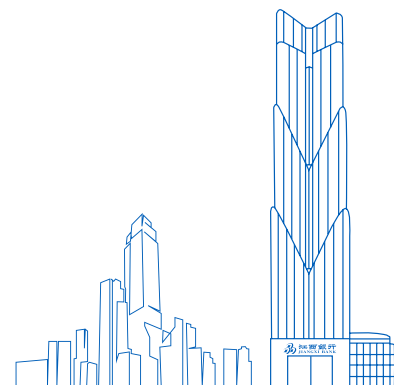
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling			Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert						
3	China National Tobacco Corporation Jiangxi Branch (including Jiangxi Jinfeng Investment Management Co., Ltd.)	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司)	-	-	-	-
4	Nanchang Municipal Bureau of Finance	-	-	-	-	-	None	-	Nanchang Municipal Bureau of Finance	-	-	-	-
5	Pingxiang Huixiang Construction Development Co., Ltd.	300.00	Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司)	1,750.00	Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會)	-	None	-	Pingxiang Huixiang Construction Development Co., Ltd.	300.00	Pingxiang Huisheng Industrial Investment Management Co., Ltd.;	800.00	3,345.49
											Jiangxi Xingxing Technology Co. Ltd. (江西星星科技有限責任公司)	495.49	



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling		De facto		Persons		Credit balance	Related party	Credit balance	Total		
		Credit balance	shareholder of the enterprise	Credit balance	controller	Credit balance	acting in concert					Credit balance	Ultimate beneficiary
6	Ganshang Union (Jiangxi) Co., Ltd. (赣商聯合(江西)有限公司)	-	WU Xuan (伍珺)	-	WU Xuan (伍珺)	-	None	-	WU Xuan (伍珺)	-	Nanchang Yatuo Architectural Design Co., Ltd. (南昌雅拓建築設計有限公司); Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司); Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司); Jiangxi Lianchuang Optoelectronic 150.00 Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司)	9.40 35.80 874.22 150.00	1,069.42
7	Jiangxi Copper Company Limited	-	Jiangxi Copper Company Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	-	-	-
Total		2,153.89	-	1,750.00	-	-	-	-	-	2,153.89	-	3,459.59	7,363.48



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

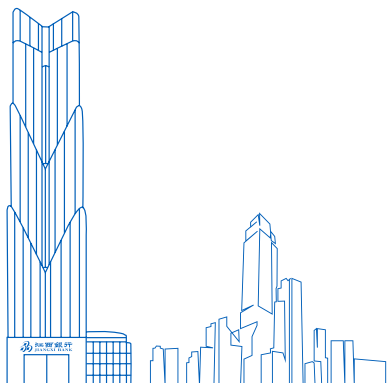
4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

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

- 1 Jiangxi Financial Holding Group Co., Ltd. held 347,546,956 shares of the Bank and pledged 132,150,000 shares, with a pledge rate of 38.02%. The pledgee was Jiangxi Provincial Branch of the Bank of Communications Co., Ltd., with a term of pledge from November 15, 2016 to November 15, 2018.
- 2 Ganshang Union (Jiangxi) Co., Ltd. held 148,308,400 shares of the Bank and pledged 74,000,000 shares, with a pledge rate of 49.90%. The pledgee was Bank of Jiujiang Co., Ltd. High-Tech District Branch (九江銀行股份有限公司高新支行), among which, 35,260,000 shares with a term of pledge from November 12, 2018 to November 11, 2021, and 38,740,000 shares with a term of pledge from December 3, 2018 to December 2, 2021.

4.2.9 Nomination of Directors and Supervisors by the Shareholders

- 1 QUE Yong and LI Zhanrong were nominated as Directors by Jiangxi Provincial Expressway Investment Group Co., Ltd.;
- 2 LIU Sanglin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;
- 3 ZHUO Liping was nominated as a Director by China National Tobacco Corporation Jiangxi Branch;
- 4 DENG Jianxin was nominated as a Director by Nanchang Municipal Bureau of Finance;
- 5 HUANG Zhenping was nominated as a Director by Pingxiang Huixiang Construction Development Co., Ltd.;
- 6 YU Han was nominated as a Supervisor by Ganshang Union (Jiangxi) Co., Ltd.;
- 7 ZHOU Minhui was nominated as a Supervisor by Jiangxi Copper Company Limited;
- 8 LIU Wei was nominated as a Supervisor by L.R. Capital Financial Holding Ltd.;



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

Nil.

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

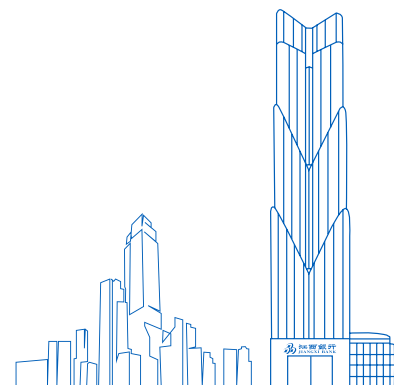
Nil.

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

- 1 The Bank had a total of 6,024,276,901 shares, and a total of 805,896,258 Domestic Shares held by 31 Domestic Shareholders were pledged, accounting for 13.38% of the Bank's total shares. 152,949,605 pledged shares were judicially frozen and 126,600,000 pledged shares were judicially auctioned.
- 2 According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As of the Reporting Period, 28 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 589,854,258 shares were restricted, accounting for 9.79% of the total shares.

4.2.13 Purchase, Sale or Redemption of Listed Securities

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



5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS AS OF JUNE 30, 2020

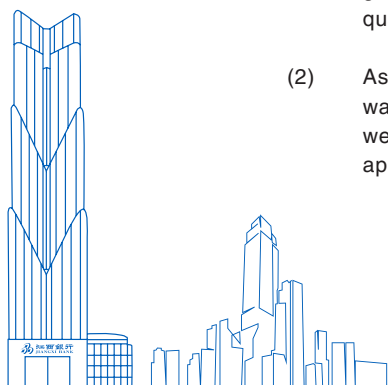
(I) Directors

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

Name	Gender	Date of birth	Date of appointment of the second session of the Board (Note)	Title
CHEN Xiaoming	Male	November 1966	May 31, 2019	Chairman, executive Director
LUO Yan	Male	February 1969	May 31, 2019	Executive Director, vice chairman, president
XU Jihong	Male	May 1965	May 31, 2019	Executive Director, vice president, secretary to the Board
QUE Yong	Male	July 1976	May 31, 2019	Non-executive Director
LI Zhanrong	Male	November 1970	May 31, 2019	Non-executive Director
LIU Sanglin	Male	October 1965	May 31, 2019	Non-executive Director
ZHUO Liping	Female	December 1972	May 11, 2020	Non-executive Director
DENG Jianxin	Male	August 1963	May 31, 2019	Non-executive Director
ZHANG Rui	Female	June 1962	May 31, 2019	Independent non-executive Director
ZHANG Wangxia	Female	August 1977	May 31, 2019	Independent non-executive Director
WANG Yun	Female	May 1966	May 31, 2019	Independent non-executive Director
WONG Hin Wing	Male	December 1962	May 31, 2019	Independent non-executive Director

Notes:

- (1) The table set out the Directors of the second session of the Board elected at 2018 annual general meeting on May 31, 2019, and the relevant Director obtained the approval of directorship qualification from CBIRC Jiangxi Office (formerly known as CBRC Jiangxi Office).
- (2) As approved by the 2018 Annual General Meeting held on May 31, 2019, Mr. HUANG Zhenping was appointed as a non-executive Director of the Bank, and Mr. OU Minggang and Mr. YAN Hongbo were appointed as independent non-executive Directors of the Bank; terms thereof commence upon approval of their respective directorship by relevant PRC banking regulatory authorities.



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

(II) Supervisors

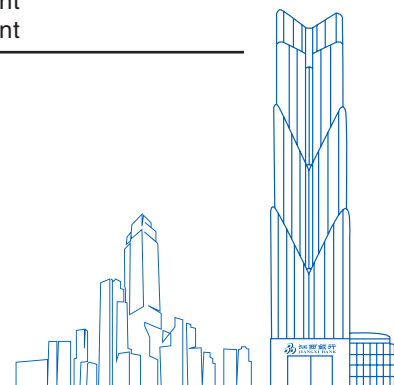
The Board of Supervisors consists of nine Supervisors, including three employee representative Supervisors, three shareholder representative Supervisors and three external Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative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

Name	Gender	Date of birth	Date of appointment	Title
LIU Fulin	Male	1963.11	May 31, 2019	Chairman of the Board of Supervisors, employee representative Supervisor
SHI Zhongliang	Male	1944.1	May 31, 2019	External Supervisor
LI Danlin	Female	1964.8	May 31, 2019	External Supervisor
SHI Jing	Male	1968.2	May 31, 2019	External Supervisor
YU Han	Male	1981.11	May 31, 2019	Shareholder representative Supervisor
ZHOU Minhui	Male	1964.6	May 31, 2019	Shareholder representative Supervisor
LIU Wei	Male	1971.10	May 29, 2020	Shareholder representative Supervisor
LOU Mingnong	Male	1972.2	May 28, 2020	Employee representative Supervisor
CHEN Xinxiang	Male	1968.2	May 31, 2019	Employee representative Supervisor

(III) Senior management members

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

Name	Gender	Date of birth	Title
LUO Yan	Male	1969.2	President
CHEN Yong	Male	1962.2	Vice president
XU Jihong	Male	1965.5	Vice president
CHENG Zongli	Male	1966.9	Vice president
CAI Xiaojun	Male	1966.11	Vice president
YU Jian	Male	1974.6	Vice president



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

5.2.1 Changes of Directors during the Reporting Period

The 2018 Annual General Meeting of the Bank was held on May 31, 2019, which elected the second session of the Board, Ms. ZHUO Liping and Mr. HUANG Zhenping were elected as non-executive Directors; Mr. OU Minggang and Mr. YAN Hongbo were elected as independent non-executive Directors. The terms thereof commence upon approval of their respective directorship by relevant PRC banking regulatory authorities. Among them, Ms. ZHUO Liping's qualification as a non-executive Director was reviewed and approved by the CBIRC Jiangxi Office on May 11, 2020.

5.2.2 Changes of Supervisors during the Reporting Period

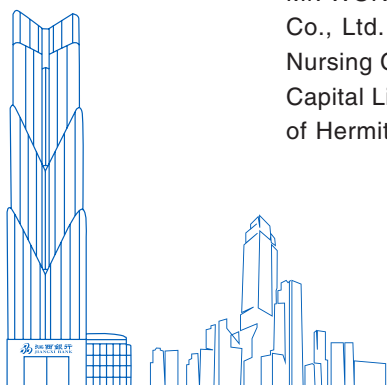
The Bank held the tenth meeting of the first session of employee representatives on May 28, 2020 and elected Mr. LOU Mingnong as the employee representative supervisor for the second session of the Board of Supervisors of the Bank. Ms. TAO Yulan ceased to serve as the employee representative supervisor of the Bank from May 28, 2020 due to other work arrangement. The 2019 Annual General Meeting was held on May 29, 2020, and Mr. LIU Wei was elected as the shareholder supervisor for the second session of the Board of Supervisors of the Bank.

5.2.3 Changes of Senior Management Members during the Reporting Period

On February 4, 2020, Jiangxi Provincial Department of Finance nominated Mr. YU Jian as vice president of the Bank. On February 25, 2020, the Bank held the fourth meeting of the second session of the Board of Directors of Jiangxi Bank, reviewed and approved the Proposal on Appointment of Vice President of Jiangxi Bank, agreed to appoint Mr. YU Jian as the vice president of the Bank, and performed the necessary review procedures. On May 28, 2020, CBIRC Jiangxi Office approved the qualification of Mr. YU Jian as the vice president and appointed Mr. YU Jian as the vice president of the Bank from the date of approval of the qualification by the CBIRC Jiangxi Office.

5.2.4 Changes in Information of Directors and Supervisors

Mr. WONG Hin Wing ceased to serve as the independent director of AEON Credit Service (Asia) Co., Ltd. (HKEX stock code: 00900) from June 2020; ceased to serve as the member of the Nursing Council of Hong Kong from May 2020; ceased to work in China Silk Road International Capital Limited from February 2020; and served as the managing partner and licensed principal of Hermitage Capital HK Limited from March 2020.



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

5.3 DEALING IN SECURITIES BY DIRECTORS AND SUPERVISORS

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

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

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

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

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

I) Directors: Nil

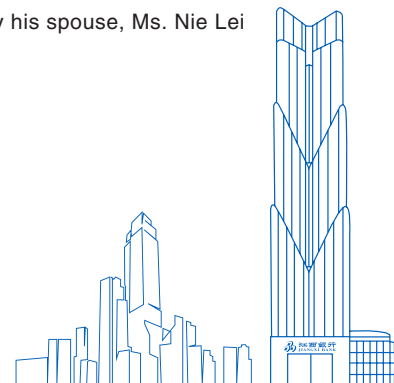
II) Supervisors:

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

Notes:

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

III) Chief executives: Nil



5.5 INFORMATION OF EMPLOYEES

5.5.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,039 employees.

1 *By age*

The Bank has 2,602 employees aged 30 or under, accounting for 52% of the total number of employees; 1,300 employees aged 31 to 40, accounting for 26% of the total number of employees; 986 employees aged 41 to 50, accounting for 19% of the total number of employees; and 151 employees aged over 50, accounting for 3% of the total number of employees.

2 *By education*

The Bank has 4,530 employees with a bachelor degree or above, accounting for 90% of the total number of employees, and 509 employees with a college degree or below, accounting for 10% of the total number of employees.

5.5.2 Employee Training Plan

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

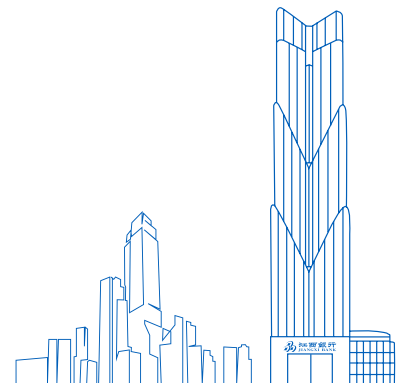
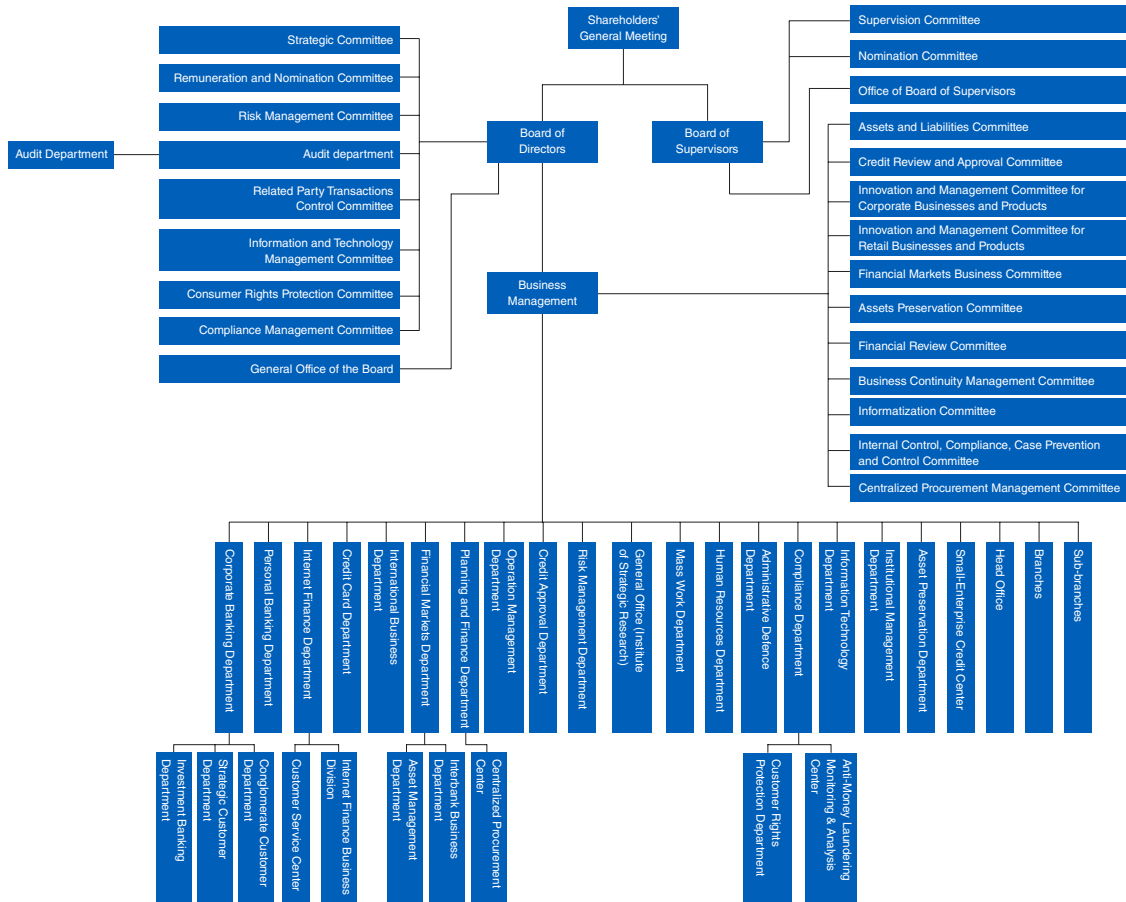
During the Reporting Period, according to the training program under the “Work Plan for Employees’ Educational Training for 2020”, the Bank focused on E-Learning, conducted live training on new business and products in due time, actively participated in online lectures provided by external institutions, organized internal trainers to develop and produce internal courses, etc. It was committed to building a learning and innovative team.

5.5.3 Remuneration Policy

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



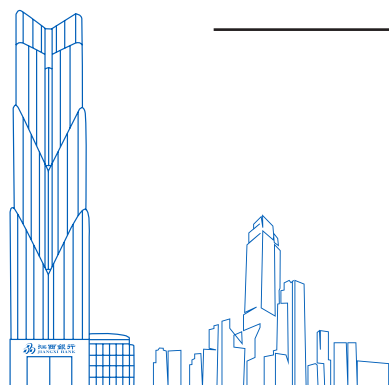
5.6 ORGANIZATIONAL STRUCTURE



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

5.7 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 86 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 24 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 15 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No.69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 6 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	No.46 Daihu Road, Xinzhou District, Shangrao, Jiangxi Province	Governing 12 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, Guangchang South Road North, Jinggangshan Avenue West, Jizhou District, Ji'an, Jiangxi	Governing 15 licensed institutions in Ji'an
Fuzhou, Jiangxi	Fuzhou branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 10 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian branch	South of Weisi Road and West of Zhisu Road, Xinjiang New District, Yingtian, Jiangxi	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi
Guangzhou	Guangzhou branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F,Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou



CHAPTER VI CORPORATE GOVERNANCE

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

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

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

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

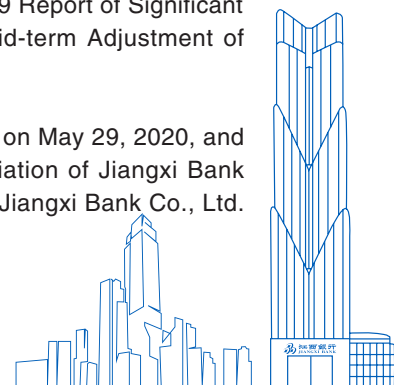
The Bank commits itself to maintaining high-standard corporate governance. The Bank will continue to strengthen its corporate governance, to ensure compliance with the Code and live up to the expectations of Shareholders and potential investors.

6.2 CONVENING OF GENERAL MEETINGS

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

The Bank held the 2019 Annual General Meeting on May 29, 2020, considered and approved 15 proposals including 2019 Annual Financial Statement, 2020 Financial Budget Plan, 2019 Profit Distribution Plan, 2020 Investment Plan, 2019 Board of Directors' Report, 2019 Board of Supervisors' Report, Amendment of the Articles of Association, etc., and debriefed on the 2019 Report of Significant Related Party Transactions of Jiangxi Bank, and 2017-2021 Report on the Mid-term Adjustment of the Strategic Plan.

The Bank held the 2020 first meeting of Class Shareholders of Domestic Shares on May 29, 2020, and reviewed and approved two proposals of Amendment of the Articles of Association of Jiangxi Bank Co., Ltd. and Amendment of the Rules of Procedure for the General Meeting of Jiangxi Bank Co., Ltd.



CHAPTER VI CORPORATE GOVERNANCE

The Bank held the 2020 first meeting of Class Shareholders of H Shares on May 29, 2020, and reviewed and approved two proposals of Amendment of the Articles of Association of Jiangxi Bank Co., Ltd. and Amendment of the Rules of Procedure for the General Meeting of Jiangxi Bank Co., Ltd.

6.3 MEETINGS CONVENED BY THE BOARD AND ITS SPECIAL COMMITTEES

During the Reporting Period, the Board of the Bank held 11 meetings and considered and approved 80 proposals. The eight special committees under the Board held 32 meetings, including 3 Strategic Committee meetings, 3 Audit Committee meetings, 3 meetings of Information and Technology Management Committee, 1 meeting of Consumer Rights Protection Committee, 5 meetings of Risk Management Committee, 5 meetings of Remuneration and Nomination Committee, 9 meetings of Related Party Transactions Control Committee, and 3 meetings of Compliance Management Committee, with a total of 128 proposals considered and approved.

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

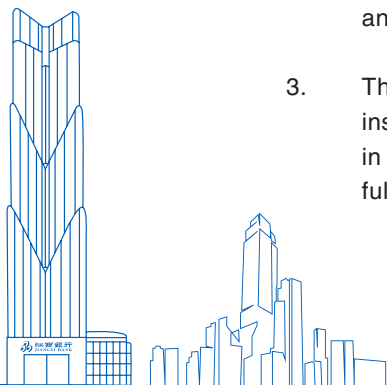
During the Reporting Period, the Board of Supervisors of the Bank held 2 meetings, and considered 11 proposals. The Supervision Committee of the Board of Supervisors held 1 meeting and considered and discussed 3 items; the Nomination Committee of the Board of Supervisors held 2 meetings and considered and discussed 6 items.

6.5 INTERNAL CONTROL AND INTERNAL AUDIT

6.5.1 Internal Control

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

1. The internal control management structure was improved continually. The Compliance Department was set up and full-time compliance personnel were deployed in all first-level branches. The Bank built a bank-wide internal control management matrix to enrich the organizational structure for the top-down internal control management.
2. The management of rules and regulations was strengthened continually. The review and benchmarking of rules and regulations were carried out across the Bank; the latest regulatory requirements and advanced practices of peers were benchmarked continually; and the management foundation of rules and regulations was consolidated.
3. The internal control supervision and inspection were carried out continuously. Special inspections in key areas such as post-credit loans and bill discounting were implemented in accordance with the annual internal control and compliance inspection plan to give full play to the role of supervision and inspection.



CHAPTER VI CORPORATE GOVERNANCE

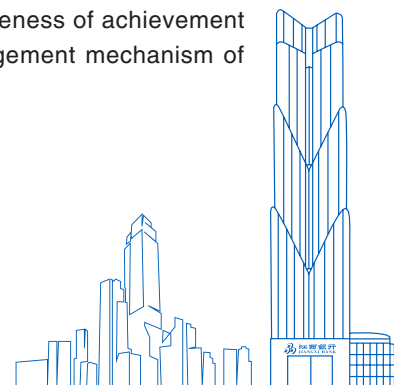
4. The rectification and tracking of internal control problems was enhanced continually. Double confirmation function of the rectification line department and the compliance management department was added to the “three-in-one” system of internal control and compliance operational risks, the management responsibility for problem rectification was strengthened, and the problem rectification process and quality control were ensured.
5. The internal control and punishment mechanism was improved continually. The Measures for the Handling of Violation and Dereliction of Duty Behaviors for the Staff of Jiangxi Bank and Measures for the Administration of Points for Violations of the Jiangxi Bank were amended to further clarify the applicable boundaries of disciplinary sanctions and points for violations and strengthen the punishment for violations.

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

6.5.2 Internal Audit

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

During the Reporting Period, adhering to the audit concept of “keeping a foothold by the spirit of auditing, establishing a career by innovation and standardization, and building up reputation by self-construction”, the internal audit department of the Group continuously explored and innovated audit methods, effectively fulfilled its role of supervision and service, continuously optimized the audit system, refined the process of audit quality control, strictly implemented the problem rectification mechanism, attached importance to the effectiveness of achievement transformation, and effectively improved the internal control and management mechanism of the Bank.



7.1 BOND ISSUE AND REPURCHASE

1 Bonds issued

Approved by the PBoC and CBRC Jiangxi Office, in July 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.7% per annum, and the interest payment method is annual payment, which will expire on July 14, 2021). In August 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.48% per annum, and the interest payment method is annual payment, which will expire on August 8, 2021). All of the proceeds from the two bond issues above have been placed into loan programs in green industries according to the approvals of regulatory authorities.

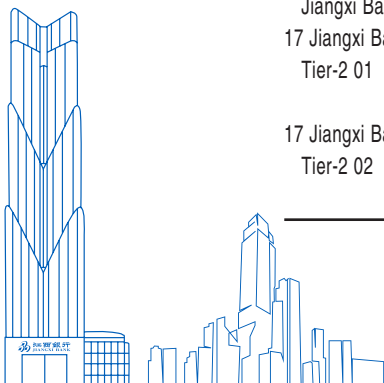
Approved by the PBoC and CBRC Jiangxi Office, in June 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5% per annum, and the interest payment method is annual payment, which will expire on June 7, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on June 7, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBoC and CBRC Jiangxi Office, in September 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5% per annum, and the interest payment method is annual payment, which will expire on September 28, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on September 28, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

The detailed information of bonds is as follows:

Detailed information of bonds

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



CHAPTER VII IMPORTANT MATTERS

2 Issue of interbank deposit receipts

As of June 30, 2020, the Bank has issued 61 interbank deposit receipts with total balance of RMB49.445 billion for the first half of the year.

3 Repurchase

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

7.2 USE OF PROCEEDS

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

7.3 INTERIM DIVIDENDS

The Board does not recommend the payment of the interim dividends for the six months ended June 30, 2020.

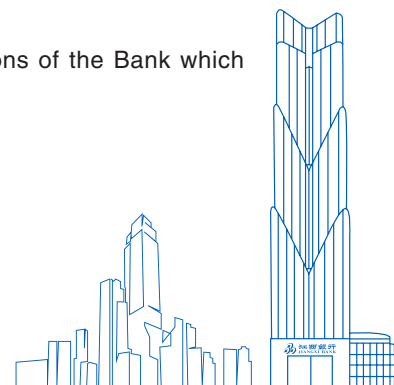
7.4 MAJOR LAWSUITS, ARBITRATIONS AND MAJOR CASES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, there were 74 pending litigation and arbitration cases with a principal amount of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal amount of approximately RMB5.423 billion (including the amount written off); there were three pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB113 million.

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

7.5 SIGNIFICANT RELATED PARTY TRANSACTIONS

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



CHAPTER VII IMPORTANT MATTERS

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

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

7.7 MATERIAL CONTRACTS AND THEIR PERFORMANCE

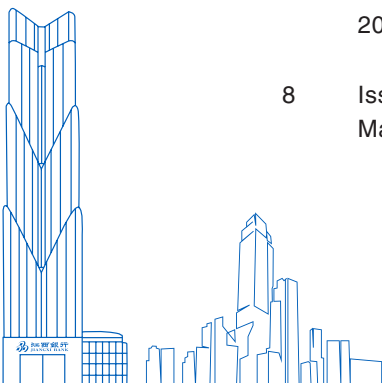
During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

7.8 MAJOR GUARANTEES AND COMMITMENTS

7.8.1 Major Guarantees

As of the end of the Reporting Period, the Bank had following thirty-three major guarantees:

- 1 Issue an overseas bond guarantee of USD310,000,000 to Customer A, equivalent to RMB2.195 billion, validity from December 3, 2019 to January 3, 2023;
- 2 Issue an overseas bond guarantee of USD205,000,000 to Customer B, equivalent to RMB1.451 billion, validity from March 9, 2020 to April 9, 2023;
- 3 Issue a loan guarantee of RMB500 million to Customer C, validity from September 29, 2018 to September 27, 2023;
- 4 Issue a loan guarantee of RMB400 million to Customer D, validity from June 28, 2019 to June 26, 2021;
- 5 Issue a domestic letter of credit of RMB395 million to Customer E, validity from April 14, 2020 to October 14, 2020;
- 6 Issue a domestic letter of credit of RMB308 million to Customer F, validity from April 22, 2020 to April 21, 2021;
- 7 Issue a loan guarantee of RMB300 million to Customer G, validity from November 30, 2017 to November 28, 2022;
- 8 Issue a loan guarantee of RMB300 million to Customer H, validity from May 14, 2019 to May 12, 2024;



CHAPTER VII IMPORTANT MATTERS

- 9 Issue a loan guarantee of RMB300 million to Customer I, validity from March 31, 2020 to March 31, 2021;
- 10 Issue a domestic letter of credit of RMB300 million to Customer J, validity from December 18, 2019 to December 14, 2020;
- 11 Issue a loan guarantee of USD35,040,000 to Customer K, equivalent to RMB248 million, validity from October 25, 2019 to October 23, 2020;
- 12 Issue a loan guarantee of USD35,040,000 to Customer L, equivalent to RMB248 million, validity from November 8, 2019 to October 23, 2020;
- 13 Issue a performance bond for the pre-sale of commercial housing of RMB224 million to Customer M, validity from October 23, 2019 to October 22, 2020;
- 14 Issue a loan guarantee of RMB200 million to Customer N, validity from June 28, 2020 to June 25, 2021;
- 15 Issue a domestic letter of credit of RMB200 million to Customer O, validity from June 9, 2020 to December 26, 2020;
- 16 Issue a domestic letter of credit of RMB200 million to Customer P, validity from January 14, 2020 to July 10, 2020;
- 17 Issue a domestic letter of credit of RMB200 million to Customer Q, validity from January 14, 2020 to July 10, 2020;
- 18 Issue a loan guarantee of USD23,500,000 to Customer R, equivalent to RMB166 million, validity from March 3, 2020 to March 3, 2021;
- 19 Issue a performance bond of RMB162 million to Customer S, validity from September 18, 2019 to September 18, 2020;
- 20 Issue a domestic letter of credit of RMB154 million to Customer T, validity from April 3, 2020 to April 2, 2021;
- 21 Issue a domestic letter of credit of RMB154 million to Customer U, validity from March 4, 2020 to February 19, 2021;
- 22 Issue a loan guarantee of RMB145 million to Customer V, validity from December 8, 2017 to December 7, 2022;



CHAPTER VII IMPORTANT MATTERS

- 23 Issue a performance bond for the pre-sale of commercial housing of RMB138 million to Customer W, validity from March 5, 2020 to November 10, 2021;
- 24 Issue a domestic letter of credit of RMB138 million to Customer X, validity from September 20, 2019 to September 22, 2020;
- 25 Issue a performance bond for the pre-sale of commercial housing of RMB134 million to Customer Y, validity from November 18, 2019 to June 2, 2021;
- 26 Issue a performance bond for the pre-sale of commercial housing of RMB131 million to Customer Z, validity from June 5, 2020 to June 4, 2021;
- 27 Issue a loan guarantee of RMB130 million to Customer AA, validity from October 25, 2017 to June 27, 2022;
- 28 Issue a domestic letter of credit of RMB125 million to Customer AB, validity from November 14, 2019 to November 16, 2020;
- 29 Issue a domestic letter of credit of RMB116 million to Customer AC, validity from March 2, 2020 to February 19, 2021;
- 30 Issue a performance bond for the pre-sale of commercial housing of RMB115 million to Customer AD, validity from January 13, 2020 to June 27, 2021;
- 31 Issue a performance bond for the pre-sale of commercial housing of RMB103 million to Customer AE, validity from September 10, 2019 to October 1, 2020;
- 32 Issue a domestic letter of credit of RMB100 million to Customer AF, validity from June 8, 2020 to June 4, 2021;
- 33 Issue a domestic letter of credit of RMB100 million to Customer AG, validity from March 12, 2020 to March 15, 2021.

7.8.2 Major Commitments

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

Issue a loan guarantee of RMB210 million to Customer AH, validity from October 18, 2019 to October 17, 2020.



CHAPTER VII IMPORTANT MATTERS

7.9 REVIEW OF THE INTERIM REPORT

The interim financial report disclosed in this interim report have not been audited. KPMG has, in accordance with the Hong Kong Standards on Review Engagements, reviewed the interim financial report for the six months ended June 30, 2020 prepared by the Group based on the International Accounting Standards issued by the International Accounting Standards Board.

On August 27, 2020, the Audit Committee reviewed and confirmed the Group's interim results announcement for the six months ended June 30, 2020, Interim Report 2020 and the unaudited interim financial report for the six months ended June 30, 2020 prepared in accordance with the International Accounting Standards.

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

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

7.11 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

At the 2019 annual general meeting held on May 29, 2020, the Bank considered and approved to re-appoint KPMG Huazhen LLP and KPMG respectively as domestic and international auditors of the Bank for 2020 respectively for a term of one year.

7.12 MAJOR ASSET ACQUISITIONS, SALES AND BUSINESS MERGERS

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

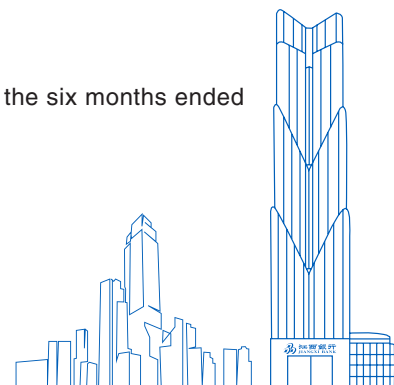
7.13 PROFIT DISTRIBUTION DURING THE REPORTING PERIOD

(1) Profit distribution in 2019

Upon consideration and approval at the 2019 annual general meeting held on May 29, 2020, the Bank decided to distribute dividends at RMB0.05 per share (including tax) to all Shareholders. The 2019 dividend of the Bank was distributed on July 28, 2020.

(2) Profit distribution in mid-2020

The Bank did not distribute nor plan to distribute any interim dividend for the six months ended June 30, 2020.



CHAPTER VII IMPORTANT MATTERS

7.14 SIGNIFICANT INVESTMENTS AND PLANS

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

7.15 LOAN AGREEMENT

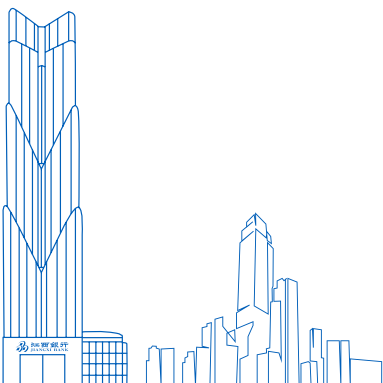
During the Reporting Period, the Bank did not violate any loan agreement.

7.16 SHARE OPTION SCHEME

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

7.17 SUBSEQUENT EVENTS

There are no subsequent events.



REVIEW REPORT TO THE BOARD OF DIRECTORS

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

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

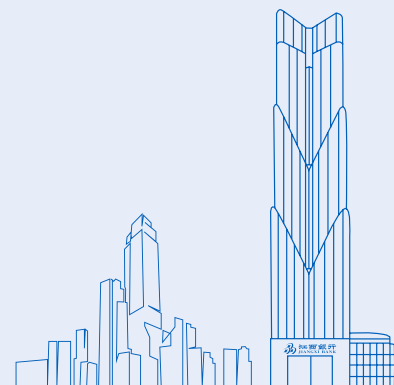
INTRODUCTION

We have reviewed the interim financial report set out on pages 102 to 214 which comprises the consolidated statement of financial position of Jiangxi Bank Co., Ltd. (the “Bank”) and its subsidiary (collectively the “Group”) as at 30 June 2020, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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



REVIEW REPORT TO THE BOARD OF DIRECTORS

CONCLUSION

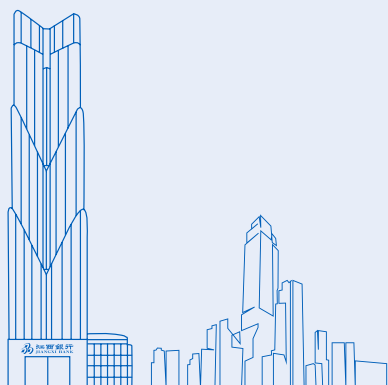
Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

28 August 2020

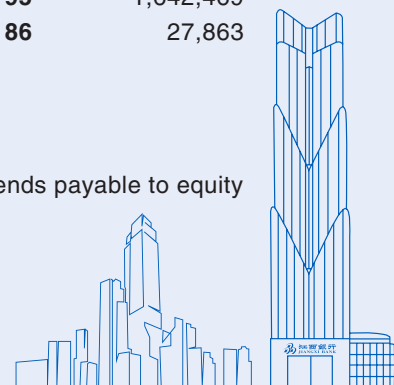


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Interest income		10,149,127	9,935,363
Interest expense		(5,310,562)	(4,725,905)
Net interest income	4	4,838,565	5,209,458
Fee and commission income		446,676	594,590
Fee and commission expense		(104,086)	(290,305)
Net fee and commission income	5	342,590	304,285
Net trading gains	6	29,097	79,562
Net gains arising from financial investments	7	596,738	754,976
Other operating income	8	21,680	38,288
Operating income		5,828,670	6,386,569
Operating expenses	9	(1,462,756)	(1,530,838)
Impairment losses on assets	10	(2,722,461)	(2,559,076)
Operating profit		1,643,453	2,296,655
Share of profits of associates		2,255	103
Profit before taxation		1,645,708	2,296,758
Income tax expense	11	(363,327)	(626,426)
Profit for the period		1,282,381	1,670,332
Attributable to:			
Equity shareholders of the Bank		1,256,195	1,642,469
Non-controlling interests		26,186	27,863

The notes on pages 112 to 214 form part of this interim financial report. Details of dividends payable to equity shareholders of the Bank are set out in Note 33.

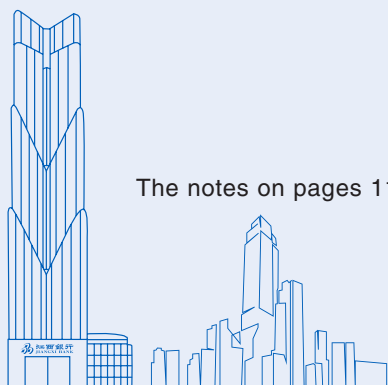


CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Profit for the period		1,282,381	1,670,332
Basic and diluted earnings per share (in RMB)	12	0.21	0.27
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		(385,098)	88,910
– Financial assets at fair value through other comprehensive income: net movement in impairment losses, net of tax		(42,470)	496,373
Other comprehensive income for the period	32(a)	(427,568)	585,283
Total comprehensive income for the period		854,813	2,255,615
Attributable to:			
Equity shareholders of the Bank		828,627	2,227,752
Non-controlling interests		26,186	27,863
Total comprehensive income for the period		854,813	2,255,615

The notes on pages 112 to 214 form part of this interim financial report.



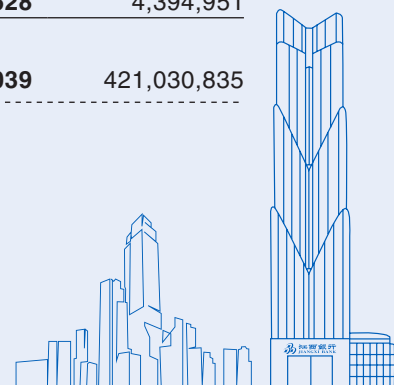
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020 – UNAUDITED

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	30 June 2020 (unaudited)	31 December 2019 (audited)
Assets			
Cash and deposits with the central bank	13	35,062,579	38,810,810
Deposits with banks and other financial institutions	14	2,054,623	1,997,570
Placements with banks and other financial institutions	15	4,501,133	6,301,907
Financial assets held under resale agreements	16	7,995,564	6,833,743
Loans and advances to customers	17	208,649,734	202,989,370
Financial investments	18		
– Financial investments at fair value through profit or loss		40,701,349	34,921,594
– Financial investments at fair value through other comprehensive income		28,895,434	26,075,381
– Financial investments at amortized cost		125,047,678	128,580,694
Interest in associates	19	122,962	120,707
Property and equipment	21	2,430,186	2,318,010
Deferred tax assets	22	3,765,914	3,022,733
Other assets	23	4,599,176	4,146,010
Total assets		463,826,332	456,118,529
Liabilities and equity			
Liabilities			
Borrowing from the central bank		10,922,200	7,696,259
Deposits from banks and other financial institutions	24	23,663,810	31,212,140
Placements from banks and other financial institutions	25	2,753,780	2,555,016
Borrowing from other financial institutions	26	11,401,800	14,863,272
Financial assets sold under repurchase agreements	27	11,181,950	19,704,409
Deposits from customers	28	303,863,700	284,548,914
Income tax payable		750,721	877,231
Debt securities issued	29	58,663,450	55,178,643
Other liabilities	30	4,983,628	4,394,951
Total liabilities		428,185,039	421,030,835

The notes on pages 112 to 214 form part of this interim financial report.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

		30 June 2020 (unaudited)	31 December 2019 (audited)
	Note		
Equity			
Share capital	31	6,024,277	6,024,277
Capital reserve	32	13,954,103	14,381,671
Surplus reserve	32	2,709,402	2,709,402
General reserve	32	5,873,807	5,873,807
Retained earnings	33	6,422,079	5,467,098
<hr/>			
Total equity attributable to equity shareholders of the Bank		34,983,668	34,456,255
Non-controlling interests		657,625	631,439
<hr/>			
Total equity		35,641,293	35,087,694
<hr style="border-top: 1px dashed black;"/>			
Total liabilities and equity		463,826,332	456,118,529

The financial statements have been approved by the Board of Directors of the Bank on 28 August 2020.

CHEN Xiaoming
Legal Representative

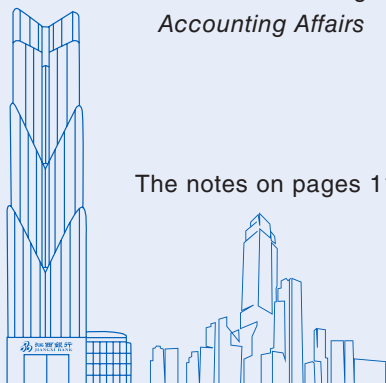
LUO Yan
President

XU Jihong
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the
Accounting Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 112 to 214 form part of this interim financial report.

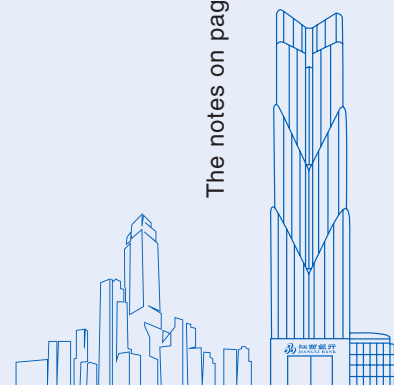


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings			Sub-total
Balance at 1 January 2020		6,024,277	14,381,671	2,709,402	5,873,807	5,467,098	34,456,255	631,439	35,087,694
Changes in equity for the six months ended 30 June 2020:									
Profit for the period		-	-	-	-	1,256,195	1,256,195	26,186	1,282,381
Other comprehensive income		-	(427,568)	-	-	-	(427,568)	-	(427,568)
Total comprehensive income		-	(427,568)	-	-	1,256,195	828,627	26,186	854,813
Appropriation of profit	33	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders		-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 30 June 2020 (unaudited)		6,024,277	13,954,103	2,709,402	5,873,807	6,422,079	34,983,668	657,625	35,641,293

The notes on pages 112 to 214 form part of this interim financial report.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings		
Balance at 1 January 2019	6,024,277	13,720,282	2,518,794	5,505,856	4,457,010	32,226,219	585,115	32,811,334
Changes in equity for the six months ended 30 June 2019:								
Profit for the period	-	-	-	1,642,469	1,642,469	27,863	1,670,332	
Other comprehensive income	-	585,283	-	-	-	585,283	-	585,283
Total comprehensive income	-	585,283	-	-	1,642,469	2,227,752	27,863	2,255,615
Appropriation of profit	33	-	-	-	(481,942)	(481,942)	(12,250)	(494,192)
- Appropriation to shareholders								
Balance at 30 June 2019 (unaudited)	6,024,277	14,305,565	2,518,794	5,505,856	5,617,537	33,972,029	600,728	34,572,757

The notes on pages 112 to 214 form part of this interim financial report.

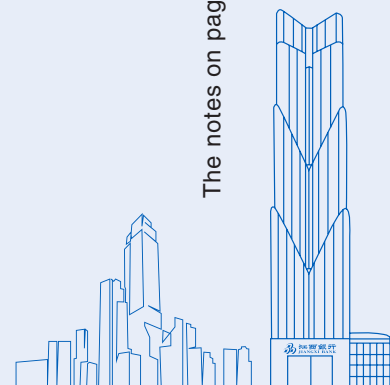


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings			Sub-total
Balance at 1 July 2019		6,024,277	14,305,565	2,518,794	5,505,856	5,617,537	33,972,029	600,728	34,572,757
Changes in equity for the six months ended 31 December 2019:									
Profit for the period		-	-	-	-	408,120	408,120	30,711	438,831
Other comprehensive income		-	76,106	-	-	-	76,106	-	76,106
Total comprehensive income		-	76,106	-	-	408,120	484,226	30,711	514,937
Appropriation of profit	33								
- Appropriation to surplus reserve		-	-	190,608	-	(190,608)	-	-	-
- Appropriation to general reserve		-	-	-	367,951	(367,951)	-	-	-
Balance at 31 December 2019 (audited)		6,024,277	14,381,671	2,709,402	5,873,807	5,467,098	34,456,255	631,439	35,087,694

The notes on pages 112 to 214 form part of this interim financial report.

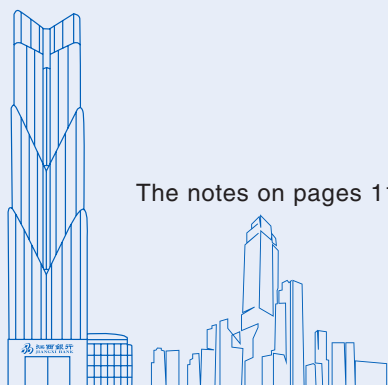


CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Six months ended 30 June	
	2020 (unaudited)	2019 (unaudited)
	Note	
Cash flows from operating activities		
Profit before taxation	1,645,708	2,296,758
<i>Adjustments for:</i>		
Impairment losses on assets	2,722,461	2,559,076
Depreciation and amortization	254,863	260,055
Interest income on financial investments	(3,831,390)	(3,790,086)
Unrealized foreign exchange gains	(22,932)	(37,853)
Net losses on changes in fair value	30,974	2,628
Net gains arising from financial investments	(596,738)	(754,976)
Share of profits of associates	(2,255)	(103)
Interest expense on lease liabilities	24,583	26,766
Interest expense on debt securities issued	908,694	1,078,090
Net (gains)/losses on disposal of property and equipment and other assets	(8,486)	217
Others	(43,817)	(53,967)
	1,081,665	1,586,605
<i>Changes in operating assets</i>		
Net decrease/(increase) in deposits with the central bank	567,752	(1,102,549)
Net decrease in deposits with banks and other financial institutions	–	1,854,437
Net decrease in placements with banks and other financial institutions	–	413,026
Net increase in loans and advances to customers	(8,059,939)	(30,612,138)
Net increase in financial investments held for trading purpose	(3,054,850)	(398,880)
Net (increase)/decrease in other operating assets	(155,316)	158,986
	(10,702,353)	(29,687,118)

The notes on pages 112 to 214 form part of this interim financial report.

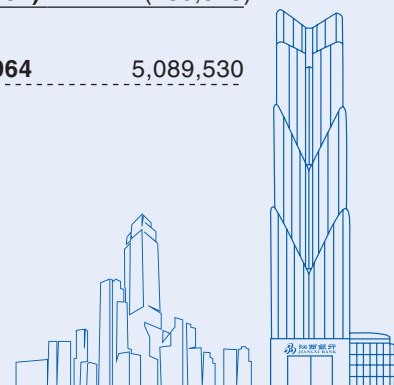


CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Cash flows from operating activities (continued)			
<i>Changes in operating liabilities</i>			
Net increase in borrowing from the central bank		3,285,267	5,051,902
Net decrease in deposits from banks and other financial institutions		(7,738,252)	(355,339)
Net increase/(decrease) in placements from banks and other financial institutions		200,059	(3,850,000)
Net (decrease)/increase in borrowing from other financial institutions		(3,430,000)	1,827,434
Net (decrease)/increase in financial assets sold under repurchase agreements		(8,521,860)	3,882,799
Net increase in deposits from customers		19,754,610	19,941,175
Net decrease in other operating liabilities		(176,132)	(62,823)
		3,373,692	26,435,148
Net cash flows used in operating activities before tax		(6,246,996)	(1,665,365)
Income tax paid		(1,104,652)	(914,113)
Net cash flows used in operating activities		(7,351,648)	(2,579,478)
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		41,451,649	36,180,456
Net cash received from investment gains and interest		4,247,033	4,169,030
Proceeds from disposal of property and equipment and other assets		2,044	62
Payments on acquisition of investments		(44,333,131)	(35,129,439)
Payments on acquisition of property and equipment and other assets		(162,631)	(130,579)
Net cash flows generated from investing activities		1,204,964	5,089,530

The notes on pages 112 to 214 form part of this interim financial report.

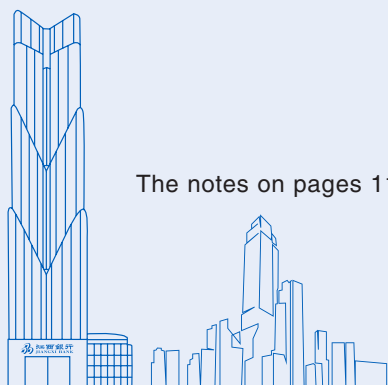


CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – UNAUDITED
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	Six months ended 30 June	
		2020 (unaudited)	2019 (unaudited)
Cash flows from financing activities			
Proceeds from debt securities issued	34(c)	34,206,893	25,931,840
Repayments of debt securities issued	34(c)	(31,480,000)	(29,100,000)
Interest paid on debt securities issued	34(c)	(150,780)	(150,166)
Capital element of lease rentals paid		(72,582)	(67,677)
Dividends paid		(3)	–
Net cash flows generated from/(used in) financing activities		2,503,528	(3,386,003)
Effect of foreign exchange rate changes on cash and cash equivalents		(16,174)	(981)
Net decrease in cash and cash equivalents	34(a)	(3,659,330)	(876,932)
Cash and cash equivalents as at 1 January		23,637,238	22,998,915
Cash and cash equivalents as at 30 June	34(b)	19,977,908	22,121,983
Net cash flows generated from operating activities include:			
Interest received		6,476,534	5,970,022
Interest paid		(4,750,845)	(3,745,783)

The notes on pages 112 to 214 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

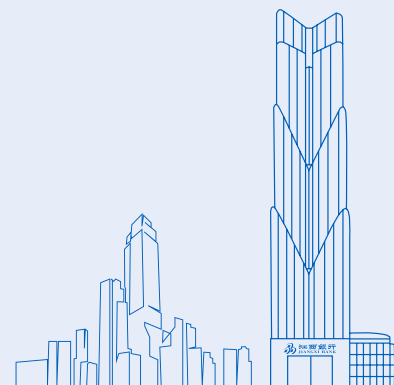
1 BACKGROUND INFORMATION

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board. It was authorized for issue on 28 August 2020.

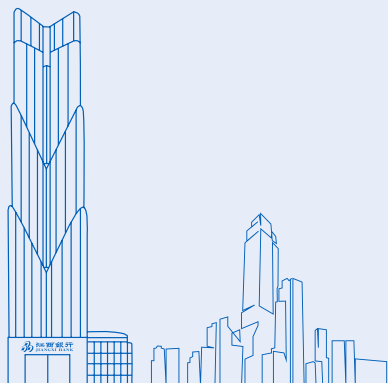
The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies 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 consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 CHANGES IN ACCOUNTING POLICIES

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

Amendments to IFRS 3, *Definition of a Business*

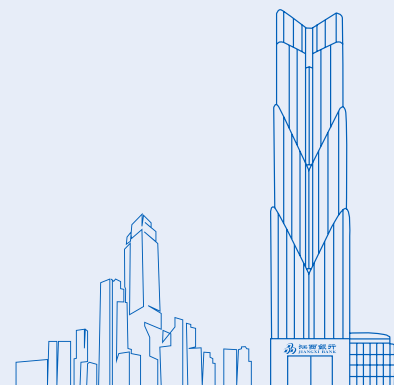
The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

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

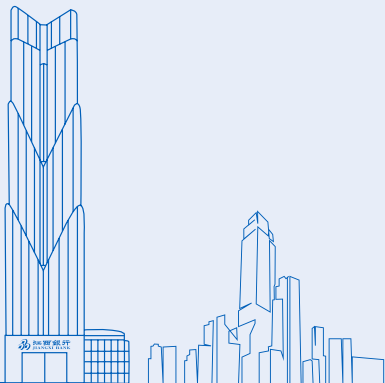


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 NET INTEREST INCOME

	Six months ended 30 June	
	2020	2019
Interest income arising from		
Deposits with the central bank	242,258	221,046
Deposits with banks and other financial institutions	4,811	19,925
Placements with banks and other financial institutions	23,683	53,641
Financial assets held under resale agreements	126,932	198,322
Loans and advances to customers		
– Corporate loans and advances	3,571,812	3,047,471
– Personal loans and advances	2,075,287	2,433,530
– Discounted bills	272,954	171,342
Financial investments	3,831,390	3,790,086
Sub-total	10,149,127	9,935,363
Interest expense arising from		
Borrowing from the central bank	(144,851)	(43,815)
Deposits from banks and other financial institutions	(422,655)	(647,769)
Placements from banks and other financial institutions	(61,528)	(96,538)
Borrowing from other financial institutions	(262,815)	(264,833)
Financial assets sold under repurchase agreements	(126,709)	(184,507)
Deposits from customers	(3,383,310)	(2,410,353)
Debt securities issued	(908,694)	(1,078,090)
Sub-total	(5,310,562)	(4,725,905)
Net interest income	4,838,565	5,209,458



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

5 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2020	2019
Fee and commission income		
Agency and custody services fees	164,367	242,063
Bank card service fees	98,230	104,842
Acceptance and guarantee service fees	82,282	26,172
Financial leasing service fees	55,186	148,900
Settlement and electronic channel business fees	34,631	56,283
Advisory and consulting fees	10,366	16,228
Others	1,614	102
Sub-total	446,676	594,590
Fee and commission expense		
Platform cooperation fees	(40,800)	(239,105)
Financial leasing service fees	(27,375)	(7,449)
Settlement and clearing fees	(18,489)	(26,587)
Transaction fees	(16,982)	(16,995)
Others	(440)	(169)
Sub-total	(104,086)	(290,305)
Net fee and commission income	342,590	304,285

6 NET TRADING GAINS

	Six months ended 30 June	
	2020	2019
Net gains from debt securities	29,097	79,562

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

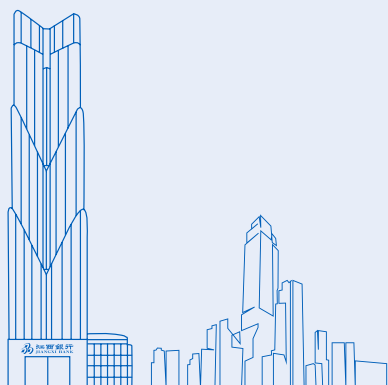
7 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	Six months ended 30 June	
		2020	2019
Realized gains from investment funds		499,080	154,982
Net gains on financial investments at fair value through profit or loss	(i)	34,845	567,921
Net gains on financial investments at amortized cost		33,239	–
Net gains on financial investments at fair value through other comprehensive income		29,574	30,573
Dividend income		–	1,500
Total		596,738	754,976

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

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2020	2019
Foreign exchange gains	22,932	6,097
Government grants	9,373	14,181
Rental income	4,650	2,383
Net gains/(losses) on disposal of non-current assets	8,486	(217)
Others	(23,761)	15,844
Total	21,680	38,288



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

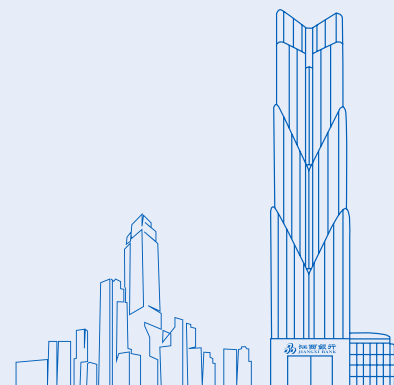
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 OPERATING EXPENSES

	Six months ended 30 June	
	2020	2019
Staff costs		
– Salaries, bonuses and allowances	667,167	552,581
– Social insurance and supplementary retirement benefits	66,107	115,517
– Housing fund	50,649	43,218
– Staff welfare	34,345	36,802
– Employee education expenses and labour union expenses	25,963	12,135
– Others	10,798	2,479
Sub-total	855,029	762,732
Depreciation and amortization	254,863	260,055
Tax and surcharges	65,456	60,102
Interest expense on lease liabilities	24,583	26,766
Rental and property management expenses	8,436	51,981
Other general and administrative expenses	254,389	369,202
Total	1,462,756	1,530,838

10 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2020	2019
Loans and advances to customers	2,236,313	1,625,540
Financial investments	313,415	969,231
Others	172,733	(35,695)
Total	2,722,461	2,559,076



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

11 INCOME TAX EXPENSE

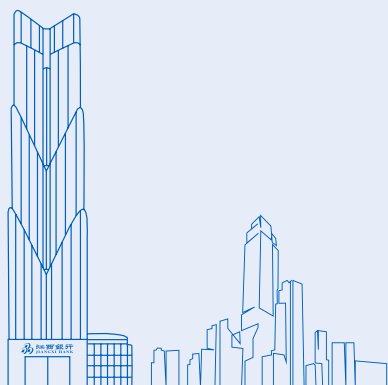
(a) Income tax expense:

	Note	Six months ended 30 June	
		2020	2019
Current tax		903,056	838,617
Tax filing differences		75,086	70,063
Changes in deferred tax	22(b)	(614,815)	(282,254)
Total		363,327	626,426

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

	Note	Six months ended 30 June	
		2020	2019
Profit before taxation		1,645,708	2,296,758
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		411,427	574,189
Tax effect of:			
Non-taxable income	(i)	(206,594)	(90,365)
Non-deductible expenses		83,408	72,539
Tax filing differences		75,086	70,063
Income tax expense		363,327	626,426

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

12 BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2020	2019
Net profit attributable to equity shareholders of the Bank	1,256,195	1,642,469
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.21	0.27

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

13 CASH AND DEPOSITS WITH THE CENTRAL BANK

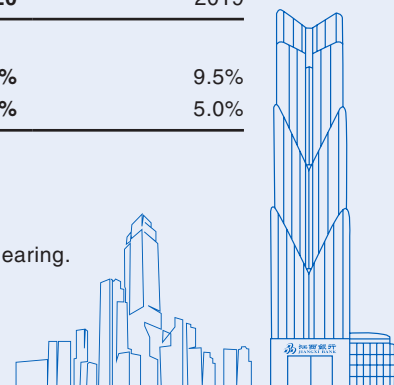
	Note	30 June 2020	31 December 2019
Cash on hand		687,037	716,685
Deposits with the central bank			
– Statutory deposit reserves	(a)	29,583,256	27,090,864
– Surplus deposit reserves	(b)	4,639,776	7,790,607
– Fiscal deposits		139,982	3,199,718
Sub-total		35,050,051	38,797,874
Accrued interest		12,528	12,936
Total		35,062,579	38,810,810

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

	30 June 2020	31 December 2019
Reserve ratio for RMB deposits	10.0%	9.5%
Reserve ratio for foreign currency deposits	5.0%	5.0%

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

14 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Banks	1,003,867	1,098,896
Outside mainland China		
– Banks	1,052,215	897,780
Gross balance	2,056,082	1,996,676
Accrued interest	960	1,122
Less: Allowances for impairment losses	(2,419)	(228)
Net balance	2,054,623	1,997,570

15 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Other financial institutions	4,500,000	6,300,000
Accrued interest	1,991	3,019
Less: Allowances for impairment losses	(858)	(1,112)
Net balance	4,501,133	6,301,907



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

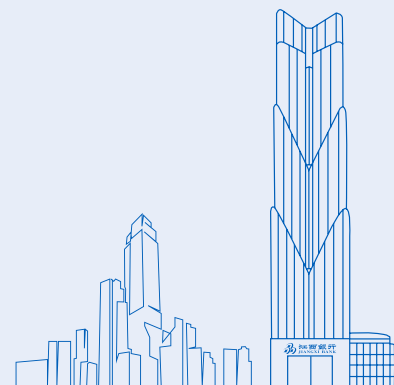
16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Banks	7,995,100	6,833,270
Accrued interest	464	491
Less: Allowances for impairment losses	–	(18)
Net balance	7,995,564	6,833,743

(b) Analyzed by type of collateral

	30 June 2020	31 December 2019
Debt securities		
– Government	2,400,000	5,699,400
– Policy Banks	5,595,100	799,460
– Commercial banks and other financial institutions	–	84,150
– Corporate	–	250,260
Gross balance	7,995,100	6,833,270
Accrued interest	464	491
Less: Allowances for impairment losses	–	(18)
Net balance	7,995,564	6,833,743



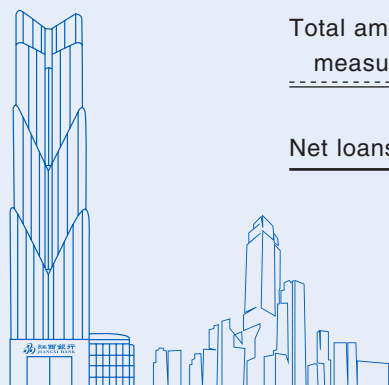
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Analyzed by nature

	30 June 2020	31 December 2019
Loans and advances to customers measured at amortized cost		
Corporate loans and advances	117,443,444	112,289,372
Personal loans and advances		
– Residential mortgage	59,471,234	55,481,153
– Personal business loans	7,721,702	8,080,562
– Personal consumption loans	4,441,511	13,458,846
– Credit cards	3,723,062	3,706,981
Sub-total	75,357,509	80,727,542
Gross loans and advances to customers measured at amortized cost	192,800,953	193,016,914
Accrued interest	659,875	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(9,314,658)	(7,793,362)
Net loans and advances to customers measured at amortized cost	184,146,170	185,989,155
Loans and advances to customers measured at FVOCI		
Corporate loans and advances	1,180,439	1,552,483
Discounted bills	23,323,125	15,447,732
Total amount of loans and advances to customers measured at FVOCI	24,503,564	17,000,215
Net loans and advances to customers	208,649,734	202,989,370



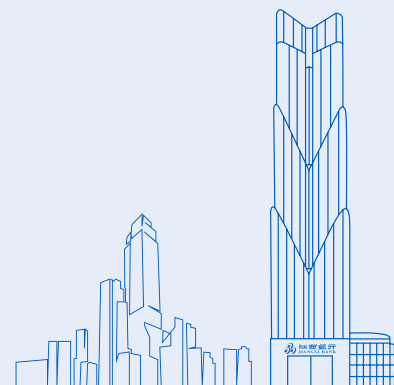
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analyzed by industry sector

	30 June 2020		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	28,960,449	13.33%	10,153,276
Wholesale and retail trade	18,428,253	8.48%	4,661,930
Water conservancy, environment and public facility management	16,511,078	7.60%	4,789,614
Manufacturing	15,596,986	7.18%	1,839,643
Construction	13,065,600	6.01%	1,962,966
Real estate	10,174,384	4.68%	4,034,365
Transportation, storage and postal services	2,576,361	1.19%	1,387,060
Health, social security and social welfare	1,898,399	0.87%	88,378
Production and distribution of electricity, heating power, gas and water	1,735,954	0.80%	759,362
Information transmission, computer services and software	1,616,078	0.74%	210,525
Others	8,060,341	3.71%	1,666,372
Sub-total of corporate loans and advances	118,623,883	54.59%	31,553,491
Personal loans and advances	75,357,509	34.68%	60,994,328
Discounted bills	23,323,125	10.73%	—
Gross loans and advances to customers	217,304,517	100.00%	92,547,819



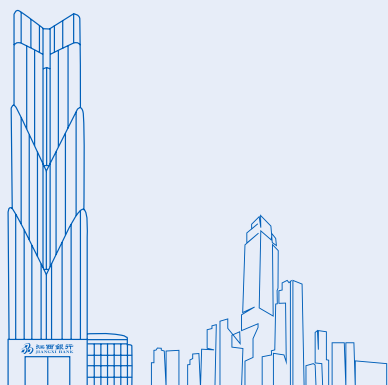
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analyzed by industry sector (Continued)

	31 December 2019		
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	26,183,587	12.47%	10,036,462
Wholesale and retail trade	19,376,997	9.23%	5,113,582
Water conservancy, environment and public facility management	16,702,338	7.95%	5,508,095
Manufacturing	12,575,138	5.99%	2,019,960
Construction	11,309,428	5.39%	2,029,482
Real estate	10,676,667	5.08%	3,828,860
Transportation, storage and postal services	2,407,706	1.15%	1,638,439
Finance	1,899,756	0.90%	—
Information transmission, computer services and software	1,699,123	0.81%	290,706
Production and distribution of electricity, heating power, gas and water	1,606,695	0.77%	873,385
Others	9,404,420	4.47%	2,466,869
Sub-total of corporate loans and advances	113,841,855	54.21%	33,805,840
Personal loans and advances	80,727,542	38.44%	57,593,074
Discounted bills	15,447,732	7.35%	—
Gross loans and advances to customers	210,017,129	100.00%	91,398,914



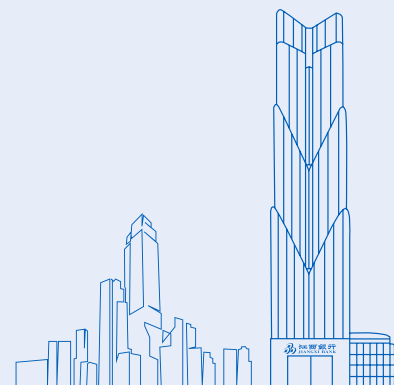
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analyzed by geographical area

	30 June 2020	
	Amount	Percentage
Nanchang area	91,477,614	42.10%
Within Jiangxi Province (apart from Nanchang area)	80,484,687	37.04%
Outside Jiangxi Province	27,124,696	12.48%
Head office	18,217,520	8.38%
Gross loans and advances to customers	217,304,517	100.00%
	31 December 2019	
	Amount	Percentage
Nanchang area	87,130,155	41.49%
Within Jiangxi Province (apart from Nanchang area)	75,300,619	35.85%
Outside Jiangxi Province	30,845,347	14.69%
Head office	16,741,008	7.97%
Gross loans and advances to customers	210,017,129	100.00%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

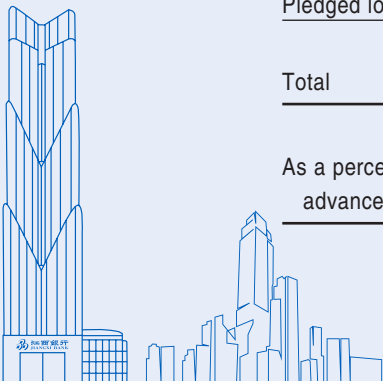
17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(d) Analyzed by type of collateral

	30 June 2020	31 December 2019
Unsecured loans	16,916,376	23,489,528
Guaranteed loans	101,843,685	86,549,984
Collateralized loans	92,547,819	91,398,914
Pledged loans	5,996,637	8,578,703
Gross loans and advances to customers	217,304,517	210,017,129
Accrued interest	659,875	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(9,314,658)	(7,793,362)
Net loans and advances to customers	208,649,734	202,989,370

(e) Overdue loans analyzed by overdue period

	30 June 2020				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	192,562	522,519	225,880	3,036	943,997
Guaranteed loans	1,136,809	2,116,578	892,739	162,866	4,308,992
Collateralized loans	889,472	1,713,388	402,613	346,801	3,352,274
Pledged loans	1,040	7	223,110	10,103	234,260
Total	2,219,883	4,352,492	1,744,342	522,806	8,839,523
As a percentage of gross loans and advances to customers	1.02%	2.00%	0.80%	0.24%	4.06%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

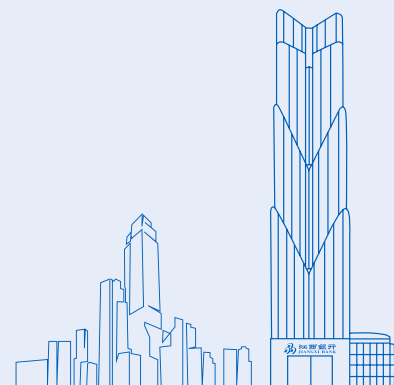
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	31 December 2019				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	234,159	654,014	51,069	1,408	940,650
Guaranteed loans	2,555,944	1,198,194	777,742	135,947	4,667,827
Collateralized loans	1,595,181	985,880	346,024	346,979	3,274,064
Pledged loans	15,240	21,948	213,660	10,103	260,951
Total	4,400,524	2,860,036	1,388,495	494,437	9,143,492
As a percentage of gross loans and advances to customers	2.10%	1.36%	0.66%	0.24%	4.36%

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



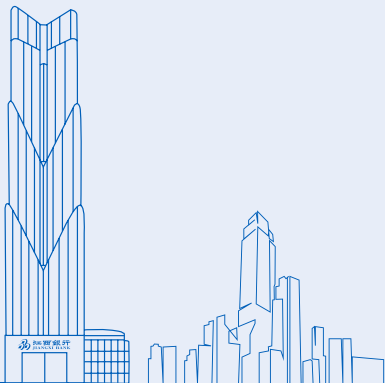
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(f) Loans and advances and allowances for impairment losses

	30 June 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers				
measured at amortized cost	173,490,165	10,095,533	9,215,255	192,800,953
Accrued interest	540,642	44,755	74,478	659,875
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,354,307)	(1,261,038)	(6,699,313)	(9,314,658)
Carrying amount of loans and advances to customers measured at amortized cost	172,676,500	8,879,250	2,590,420	184,146,170
Carrying amount of loans and advances to customers measured at FVOCI	24,503,564	-	-	24,503,564
Total carrying amount of loans and advances to customers	197,180,064	8,879,250	2,590,420	208,649,734



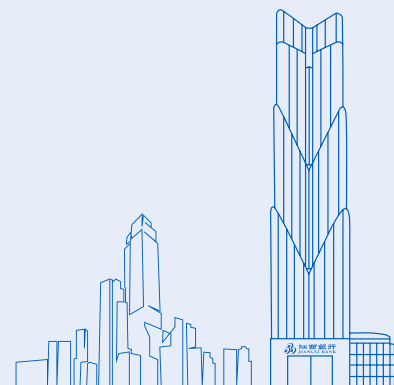
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

	31 December 2019			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	170,240,982	17,126,683	5,649,249	193,016,914
Accrued interest	717,386	34,226	13,991	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,091,078)	(2,166,126)	(4,536,158)	(7,793,362)
Carrying amount of loans and advances to customers measured at amortized cost	169,867,290	14,994,783	1,127,082	185,989,155
Carrying amount of loans and advances to customers measured at FVOCI	17,000,215	-	-	17,000,215
Total carrying amount of loans and advances to customers	186,867,505	14,994,783	1,127,082	202,989,370



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(g) Movements of allowances for impairment losses

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

	Six months ended 30 June 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	1,091,078	2,166,126	4,536,158	7,793,362
Transferred:				
– to 12-month ECL	43,851	(41,206)	(2,645)	–
– to lifetime ECL not credit-impaired	(13,692)	77,906	(64,214)	–
– to lifetime ECL credit-impaired	(5,208)	(577,384)	582,592	–
Charged/(released) for the period	238,278	(364,404)	2,357,317	2,231,191
Transferred out	–	–	(27,980)	(27,980)
Recoveries	–	–	179,101	179,101
Write-offs	–	–	(817,199)	(817,199)
Others	–	–	(43,817)	(43,817)
As at 30 June	1,354,307	1,261,038	6,699,313	9,314,658

	Year ended 31 December 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	575,414	2,583,944	2,399,156	5,558,514
Transferred:				
– to 12-month ECL	64,989	(57,178)	(7,811)	–
– to lifetime ECL not credit-impaired	(26,261)	75,069	(48,808)	–
– to lifetime ECL credit-impaired	(22,074)	(217,349)	239,423	–
Charged/(released) for the year	499,010	(218,360)	4,314,283	4,594,933
Transferred out	–	–	(289,572)	(289,572)
Recoveries	–	–	256,088	256,088
Write-offs	–	–	(2,207,669)	(2,207,669)
Others	–	–	(118,932)	(118,932)
As at 31 December	1,091,078	2,166,126	4,536,158	7,793,362



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 LOANS AND ADVANCES TO CUSTOMERS (Continued)

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

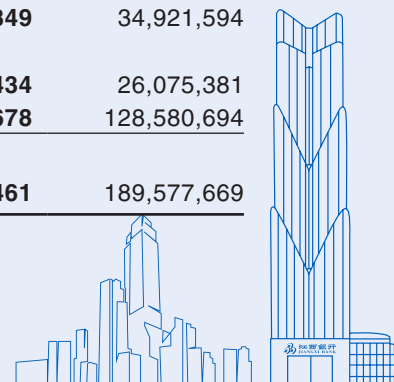
- (ii) Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:

	Six months ended 30 June 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	53,226	-	-	53,226
Charged for the period	5,122	-	-	5,122
As at 30 June	58,348	-	-	58,348

	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	5,962	3,794	-	9,756
Charged/(released) for the year	47,264	(3,794)	-	43,470
As at 31 December	53,226	-	-	53,226

18 FINANCIAL INVESTMENTS

	Note	30 June 2020	31 December 2019
Financial investments at fair value through profit or loss	(a)	40,701,349	34,921,594
Financial investments at fair value through other comprehensive income	(b)	28,895,434	26,075,381
Financial investments at amortized cost	(c)	125,047,678	128,580,694
Total		194,644,461	189,577,669



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

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

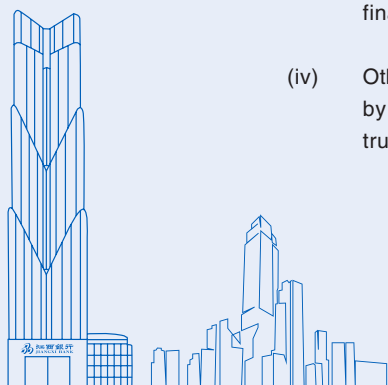
	Note	30 June 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		514,276	163,334
– Policy banks		4,879,192	2,364,048
– Commercial banks and other financial institutions		446,838	–
– Corporate		4,747,281	4,511,913
Sub-total		10,587,587	7,039,295
Equity instruments	(ii)	119,044	139,185
Fund investments	(iii)	23,770,654	17,893,984
Other financial investments	(iv)	6,224,064	9,849,130
Total		40,701,349	34,921,594
Listed		110,098	130,239
Unlisted		40,591,251	34,791,355
Total		40,701,349	34,921,594

(i) Certain debt securities were pledged for repurchase agreements (Note 38(e)). No other investment was subject to material restrictions in the realization.

(ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.

(iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.

(iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions, investment management products managed by securities companies and trust plans.



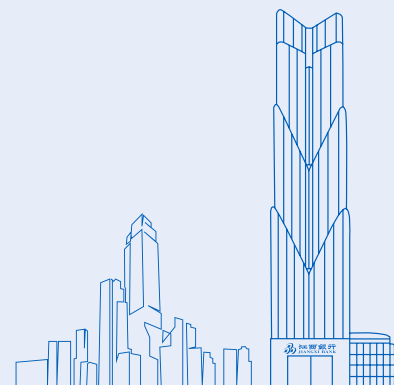
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

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

	Note	30 June 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		2,796,141	2,288,748
– Policy banks		11,239,597	7,724,004
– Corporate		1,261,938	1,114,351
Sub-total		15,297,676	11,127,103
Investment management products managed by securities companies and trust plans		13,329,478	14,619,873
Equity instruments	(ii)	10,250	10,250
Accrued interest		258,030	318,155
Total		28,895,434	26,075,381
Unlisted		28,895,434	26,075,381
Allowances for impairment losses recognized in OCI	(iii)	(765,715)	(813,307)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

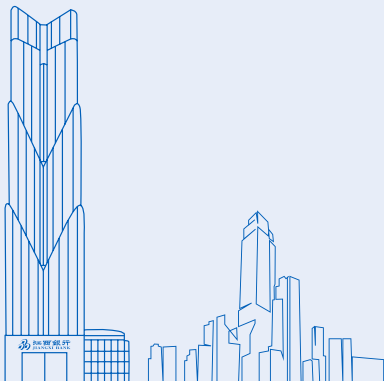
18 FINANCIAL INVESTMENTS (Continued)

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

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

	30 June 2020	Dividend income recognized for the period ended 30 June 2020	31 December 2019	Dividend income recognized for the year ended 31 December 2019
Clearing Centre for City Commercial Banks	250	-	250	-
China UnionPay	10,000	-	10,000	1,500
Total	10,250	-	10,250	1,500
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments during the six months ended 30 June 2020.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

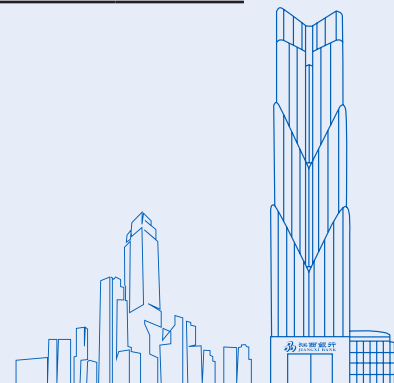
18 FINANCIAL INVESTMENTS (Continued)

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

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

	Six months ended 30 June 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	189,427	201,586	422,294	813,307
Transferred:				
– to lifetime ECL not credit-impaired	(1,523)	1,523	–	–
– to lifetime ECL credit-impaired	(52)	(201,587)	201,639	–
Charged/(released) for the period	40,014	13,163	(100,769)	(47,592)
As at 30 June	227,866	14,685	523,164	765,715

	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	236,325	32,634	120,000	388,959
Transferred:				
– to 12-month ECL	4,403	(4,403)	–	–
– to lifetime ECL not credit-impaired	(16,254)	16,254	–	–
– to lifetime ECL credit-impaired	(4,045)	(20,719)	24,764	–
(Released)/charged for the year	(31,002)	177,820	277,530	424,348
As at 31 December	189,427	201,586	422,294	813,307



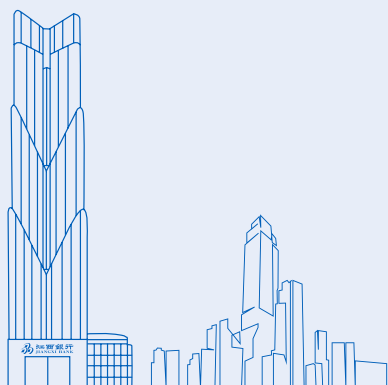
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost

	Note	30 June 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		18,896,219	15,857,902
– Policy banks		19,687,733	20,967,417
– Commercial banks and other financial institutions		30,000	30,000
Sub-total		38,613,952	36,855,319
Investment management products managed by securities companies and trust plans		90,695,133	95,772,710
Accrued interest		1,261,089	1,148,860
Less: Allowances for impairment losses	(ii)	(5,522,496)	(5,196,195)
Net carrying amount		125,047,678	128,580,694
Unlisted		125,047,678	128,580,694



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

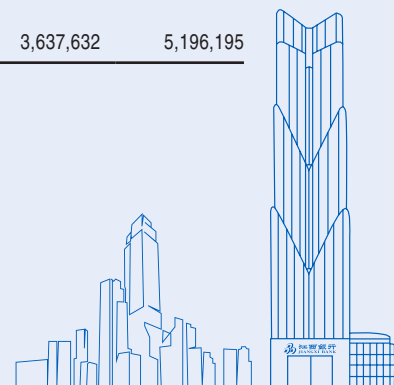
18 FINANCIAL INVESTMENTS (Continued)

(c) Financial investments at amortized cost (Continued)

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

	Six months ended 30 June 2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at 1 January	1,239,372	319,191	3,637,632	5,196,195
Transferred:				
– to lifetime ECL credit-impaired	(2,014)	(163,792)	165,806	–
(Released)/charged for the period	(172,096)	(5,684)	538,787	361,007
Others	–	–	(34,706)	(34,706)
As at 30 June	1,065,262	149,715	4,307,519	5,522,496

	Year ended 31 December 2019			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at 1 January	1,603,073	103,195	2,240,582	3,946,850
Transferred:				
– to 12-month ECL	27,638	(27,638)	–	–
– to lifetime ECL not credit-impaired	(4,476)	142,594	(138,118)	–
– to lifetime ECL credit-impaired	(25,267)	(42,697)	67,964	–
(Released)/charged for the year	(361,596)	143,737	1,574,449	1,356,590
Transferred out	–	–	(107,245)	(107,245)
As at 31 December	1,239,372	319,191	3,637,632	5,196,195



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

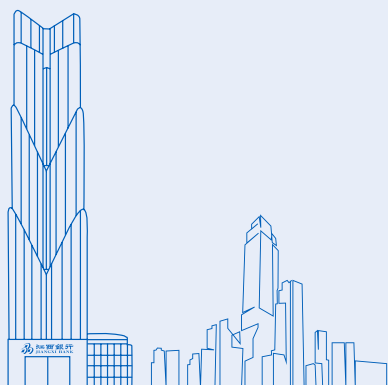
19 INTEREST IN ASSOCIATES

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

Note	30 June 2020	31 December 2019
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")	59,636	58,221
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")	26,416	25,446
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")	19,195	18,486
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")	13,076	13,758
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	4,639	4,796
Total (a)/(b)	122,962	120,707

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

	30 June 2020	31 December 2019
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	122,962	120,707
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	2,255	1,985
– Other comprehensive income	–	–
– Total comprehensive income	2,255	1,985



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 INTEREST IN ASSOCIATES (Continued)

(b) Detailed information of the Group's associates that are not individually material is as follows:

(i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As at 30 June 2020, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2019: 28.18%).

(ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services.

On 10 January 2019, Jiangxi Banking and Insurance Regulatory Bureau promulgated Ganyinbaojianfu [2019] No.30 <Approval of the change of equity of Nanfeng Judu County Bank Co., Ltd.>, agreeing the shareholder of Nanfeng Judu, Zheng Bang Group Co., Ltd., to transfer 5 million shares at the price of RMB1.00 of Nanfeng Judu to the Bank. As at 30 June 2020, the Bank holds 40% of equity interest of Nanfeng Judu (31 December 2019: 40%).

(iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As at 30 June 2020, the Bank holds 20% of equity interest of Si Ping De Feng (31 December 2019: 20%).

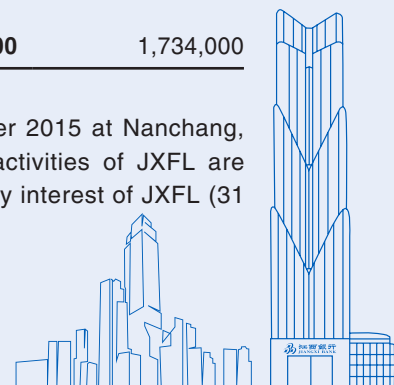
(iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As at 30 June 2020, the Bank holds 30% of equity interest of Guangchang Nanyin (31 December 2019: 30%).

(v) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services. As at 30 June 2020, the Bank holds 30% of equity interest of Jinxian Ruifeng (31 December 2019: 30%).

20 INVESTMENTS IN SUBSIDIARY

	30 June 2020	31 December 2019
Jiangxi Financial Leasing Co., Ltd. ("江西金融租赁股份有限公司")	1,734,000	1,734,000

Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services. As at 30 June 2020, the Bank holds 75.74% of equity interest of JXFL (31 December 2019: 75.74%).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 PROPERTY AND EQUIPMENT

	Premises	Construction in progress	Electronic equipments	Fixtures	Others	Total
Cost:						
As at 1 January 2019	2,585,133	50,109	729,177	226,323	275,768	3,866,510
Additions	257	65,913	18,260	1,289	56,827	142,546
Transfers from/(out of) construction in progress	2,357	(89,840)	1,073	27,865	715	(57,830)
Disposals	(5,912)	–	(7,704)	(46)	(6,124)	(19,786)
As at 31 December 2019	2,581,835	26,182	740,806	255,431	327,186	3,931,440
As at 1 January 2020	2,581,835	26,182	740,806	255,431	327,186	3,931,440
Additions	212,714	12,230	4,789	19,148	7,741	256,622
Transfers (out of)/from construction in progress	–	(12,216)	–	321	–	(11,895)
Disposals	(830)	–	(887)	–	(1,775)	(3,492)
As at 30 June 2020	2,793,719	26,196	744,708	274,900	333,152	4,172,675
Accumulated depreciation:						
As at 1 January 2019	(556,242)	–	(572,750)	(92,259)	(137,621)	(1,358,872)
Charged for the year	(119,594)	–	(67,978)	(37,901)	(42,481)	(267,954)
Disposals	605	–	7,001	15	5,775	13,396
As at 31 December 2019	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
As at 1 January 2020	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
Charged for the period	(61,944)	–	(24,547)	(22,639)	(22,402)	(131,532)
Disposals	–	–	843	–	1,630	2,473
As at 30 June 2020	(737,175)	–	(657,431)	(152,784)	(195,099)	(1,742,489)
Net book value:						
As at 31 December 2019	1,906,604	26,182	107,079	125,286	152,859	2,318,010
As at 30 June 2020	2,056,544	26,196	87,277	122,116	138,053	2,430,186



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 PROPERTY AND EQUIPMENT (Continued)

At 30 June 2020, the net book values of premises of which title deeds were not yet finalized were RMB22.65 million (31 December 2019: RMB103.38 million). The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

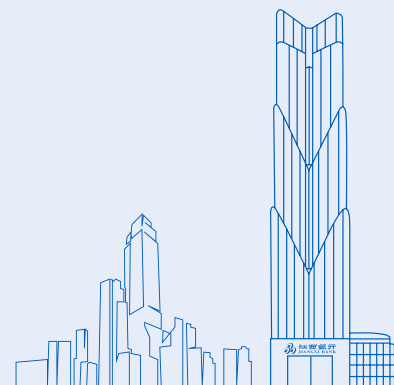
The net book values of premises at the end of the reporting period are analyzed by the remaining terms of the leases as follows:

	30 June 2020	31 December 2019
Held in mainland China		
– Medium-term leases (10 – 50 years)	2,056,544	1,906,604

22 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analyzed by nature

	30 June 2020	31 December 2019
Deferred tax assets	3,769,766	3,227,305
Deferred tax liabilities	(3,852)	(204,572)
Net balances	3,765,914	3,022,733



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

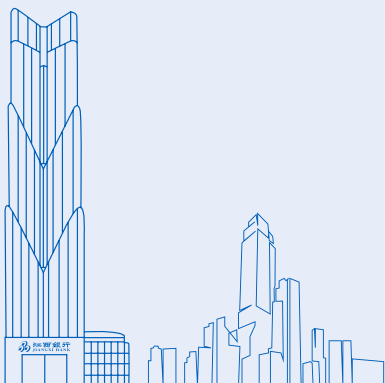
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff cost	Fair value changes of financial instruments Note (i)	Others	Net balance of deferred tax assets
1 January 2019	2,110,201	51,565	(68,509)	101,138	2,194,395
Recognized in profit or loss	893,554	49,917	(71,540)	20,930	892,861
Recognized in other comprehensive income	-	-	(64,523)	-	(64,523)
31 December 2019	3,003,755	101,482	(204,572)	122,068	3,022,733
1 January 2020	3,003,755	101,482	(204,572)	122,068	3,022,733
Recognized in profit or loss	506,142	18,398	72,354	17,921	614,815
Recognized in other comprehensive income	-	-	128,366	-	128,366
30 June 2020	3,509,897	119,880	(3,852)	139,989	3,765,914

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

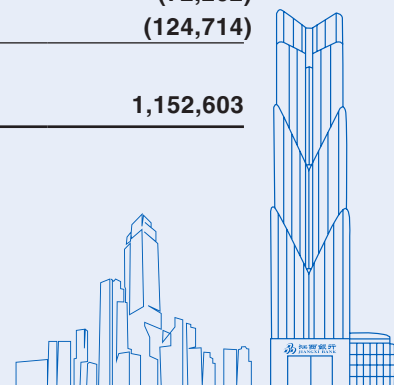
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS

	Note	30 June 2020	31 December 2019
Right-of-use assets	(a)	1,152,603	1,213,554
Receivables from disposal of financial assets		844,498	746,960
Prepayments for acquisition of property and equipment		752,636	862,675
Interests receivable	(b)	707,215	421,191
Settlement and clearing accounts		399,174	154,358
Land use rights	(c)	189,104	192,203
Repossessed assets	(d)	158,909	107,660
Intangible assets	(e)	140,022	143,757
Long-term deferred expenses		120,971	147,233
Deferred expenses		45,401	69,660
Investment properties		12,895	13,077
Others		171,599	141,489
Gross balance		4,695,027	4,213,817
Less: Allowances for impairment losses		(95,851)	(67,807)
Net balance		4,599,176	4,146,010

(a) Right-of-use assets

As at 1 January 2019	1,289,960
Additions	59,494
Depreciation charged for the year	(135,900)
As at 31 December 2019	1,213,554
As at 1 January 2020	1,213,554
Additions	136,025
Depreciation charged for the period	(72,262)
Disposals	(124,714)
As at 30 June 2020	1,152,603



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(b) Interests receivable

	30 June 2020	31 December 2019
<hr/>		
Interests receivable arising from:		
Financial investments	660,418	370,749
Loans and advances to customers	46,797	50,442
<hr/>		
Total	707,215	421,191

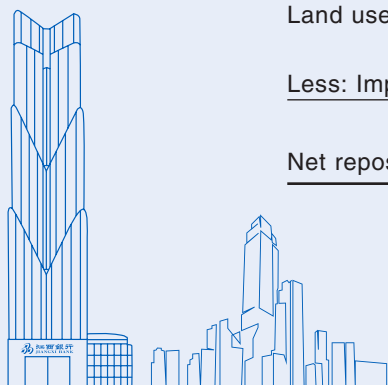
As at 30 June 2020, interests receivable only include interests that have been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial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

(c) Land use rights

	30 June 2020	31 December 2019
<hr/>		
Located in Mainland China		
Over 50 years	23,524	23,712
10 – 50 years	165,580	168,491
<hr/>		
Total	189,104	192,203

(d) Repossessed assets

	30 June 2020	31 December 2019
<hr/>		
Land use rights and buildings	158,909	107,660
Less: Impairment allowances	(20,988)	(20,988)
<hr/>		
Net repossessed assets	137,921	86,672



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 OTHER ASSETS (Continued)

(e) Intangible assets

Cost:

As at 1 January 2019	160,621
Additions	51,221

As at 31 December 2019	211,842
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As at 1 January 2020	211,842
Additions	5,994
Disposals	(1,388)

As at 30 June 2020	216,448
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Accumulated amortization:

As at 1 January 2019	(54,116)
Charged for the year	(13,969)

As at 31 December 2019	(68,085)
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As at 1 January 2020	(68,085)
Charged for the period	(8,728)
Disposals	387

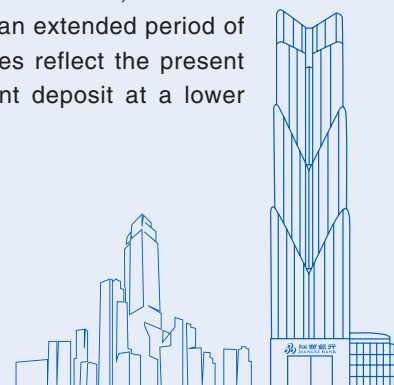
As at 30 June 2020	(76,426)
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Net book value:

As at 31 December 2019	143,757
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As at 30 June 2020	140,022
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Intangible assets include core deposit, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

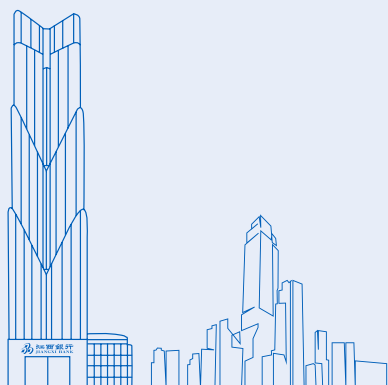
Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Banks	13,948,801	14,265,565
– Other financial institutions	9,438,676	16,590,754
Sub-total	23,387,477	30,856,319
Accrued interest	276,333	355,821
Total	23,663,810	31,212,140

25 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Banks	2,750,000	2,550,000
Accrued interest	3,780	5,016
Total	2,753,780	2,555,016



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

26 BORROWING FROM OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Other financial institutions	11,250,000	14,680,000
Accrued interest	151,800	183,272
Total	11,401,800	14,863,272

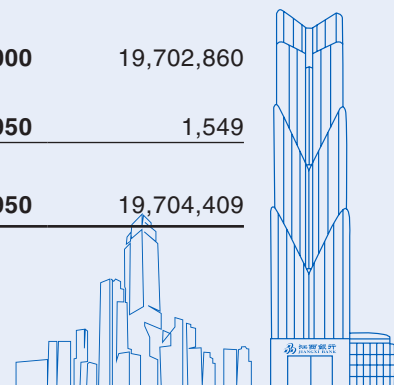
27 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	30 June 2020	31 December 2019
In mainland China		
– Banks	11,181,000	19,702,860
Accrued interest	950	1,549
Total	11,181,950	19,704,409

(b) Analyzed by type of collateral

	30 June 2020	31 December 2019
Debt securities		
– Government	4,295,000	5,699,300
– Policy banks	6,886,000	14,003,560
Sub-total	11,181,000	19,702,860
Accrued interest	950	1,549
Total	11,181,950	19,704,409

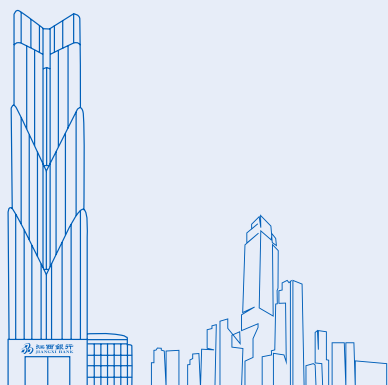


NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

28 DEPOSITS FROM CUSTOMERS

	30 June 2020	31 December 2019
Demand deposits		
– Corporate customers	112,543,747	108,783,987
– Individual customers	20,036,235	21,058,161
Sub-total	132,579,982	129,842,148
Time deposits		
– Corporate customers	78,992,905	74,771,729
– Individual customers	77,470,107	64,962,035
Sub-total	156,463,012	139,733,764
Pledged deposits		
– Acceptances	7,672,559	7,814,621
– Letters of guarantees	2,824,231	2,557,526
– Letters of credit	1,201,482	1,296,134
– Others	33,829	33,825
Sub-total	11,732,101	11,702,106
Inward and outward remittances	36,431	44,254
Accrued interest	3,052,174	3,226,642
Total	303,863,700	284,548,914



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

29 DEBT SECURITIES ISSUED

	Note	30 June 2020	31 December 2019
Tier-two capital debts issued	(a)	5,996,574	5,995,492
Other debt securities issued	(b)	2,999,123	2,998,292
Certificates of interbank deposits issued	(c)	49,445,151	46,014,020
Accrued interest		222,602	170,839
Total		58,663,450	55,178,643

(a) Tier-two capital debts issued

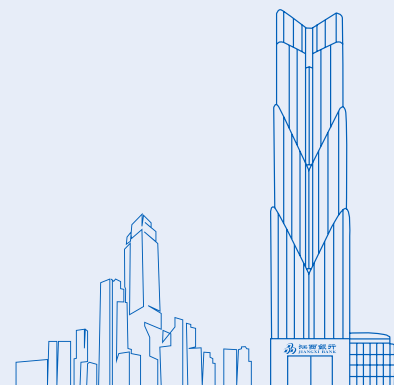
- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group had an option to redeem the tier-two capital bonds at the end of the fifth year.
- (ii) The Group issued 10-year fixed-rate tier-two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

(b) Other debt securities issued

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

(c) Certificates of interbank deposits issued

For the six months ended 30 June 2020, the Group issued a number of certificates of interbank deposits with total nominal amount of RMB34,850.00 million and duration between 1-12 months. The effective interest rates ranged from 1.25% to 3.05% per annum.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

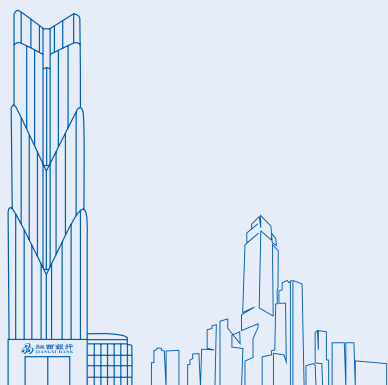
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

30 OTHER LIABILITIES

	Note	30 June 2020	31 December 2019
Lease liabilities		1,206,009	1,251,167
Guarantee deposits from leases		1,088,038	1,058,247
Accrued staff costs	(a)	679,317	819,182
Provisions	(b)	421,511	281,344
Dividend payable		319,190	17,979
Settlement and clearing accounts		288,906	93,241
Other tax payables		260,304	293,083
Receipt in advance		133,915	163,469
Deferred income		122,846	130,108
Non-performing assets collection		49,475	37,183
Payables for purchase of fixed assets		44,772	44,881
Others		369,345	205,067
Total		4,983,628	4,394,951

(a) Accrued staff costs

	30 June 2020	31 December 2019
Salaries, bonuses and allowances	528,444	659,755
Social insurance	1,250	1,103
Housing fund	301	305
Employee education costs and labor union expenditure	11,552	16,148
Supplementary retirement benefits	137,770	141,807
Employee benefits	-	64
Total	679,317	819,182



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

30 OTHER LIABILITIES (Continued)

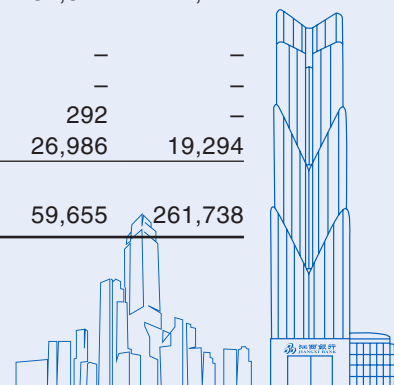
(b) Provisions

	Note	30 June 2020	31 December 2019
Litigations and disputes provision		21,449	19,606
Credit commitments provision	(i)	298,092	261,738
Others		101,970	–
Total		421,511	281,344

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

	Six months ended 30 June 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	187,234	14,849	59,655	261,738
Transferred:				
– to 12-month ECL	1,379	(1,351)	(28)	–
– to lifetime ECL not credit-impaired	(4)	14	(10)	–
– to lifetime ECL credit-impaired	(3)	(348)	351	–
Charged/(released) for the period	36,126	(12,690)	12,918	36,354
As at 30 June	224,732	474	72,886	298,092

	Year ended 31 December 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	208,208	1,859	32,377	242,444
Transferred:				
– to 12-month ECL	4	(4)	–	–
– to lifetime ECL not credit-impaired	(527)	527	–	–
– to lifetime ECL credit-impaired	(285)	(7)	292	–
(Released)/charged for the year	(20,166)	12,474	26,986	19,294
As at 31 December	187,234	14,849	59,655	261,738



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 SHARE CAPITAL

Share capital of the Group as at 30 June 2020 represented share capital of the Bank, which was fully paid.

	30 June 2020	31 December 2019
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277

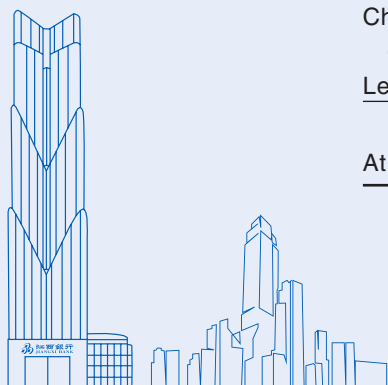
32 RESERVES

(a) Capital reserve

	Note	30 June 2020	31 December 2019
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	662,854	1,090,422
Total		13,954,103	14,381,671

(i) Other comprehensive income

	30 June 2020	31 December 2019
As at 1 January	1,090,422	429,033
Changes in fair value recognized in other comprehensive income	(498,580)	328,952
Transfer to profit or loss upon disposal	(14,884)	(70,858)
Changes in impairment losses recognized in other comprehensive income	(42,470)	467,818
Less: Deferred income tax	128,366	(64,523)
At the end of the reporting period	662,854	1,090,422



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

32 RESERVES (Continued)

(b) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

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

(c) General reserve

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

33 PROFIT DISTRIBUTION

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

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

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

- Appropriation of statutory surplus reserve amounted to RMB190.61 million;
- Appropriation of general reserve amounted to RMB367.95 million; and
- Declaration of cash dividend of RMB0.5 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record on 9 June 2020.

As at 30 June 2020, the consolidated retained profits attributable to equity shareholders of the Bank included an appropriation of RMB56.68 million to surplus reserve made by subsidiary (31 December 2019: RMB56.68 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

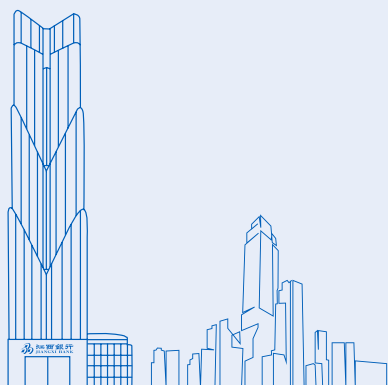
34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net decrease in cash and cash equivalents

	Six months ended 30 June	
	2020	2019
Cash and cash equivalents as at 30 June	19,977,908	22,121,983
Less: Cash and cash equivalents as at 1 January	(23,637,238)	(22,998,915)
Net decrease in cash and cash equivalents as at 30 June	(3,659,330)	(876,932)

(b) Cash and cash equivalents

	30 June 2020	31 December 2019
Cash on hand	687,037	716,685
Deposits with the central bank	4,639,776	7,790,607
Deposits with banks and other financial institutions	2,056,082	1,996,676
Placements with banks and other financial institutions	4,500,000	6,300,000
Financial assets held under resale agreements	7,995,100	6,833,270
Financial investments at fair value through profit or loss	99,913	-
Total	19,977,908	23,637,238



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

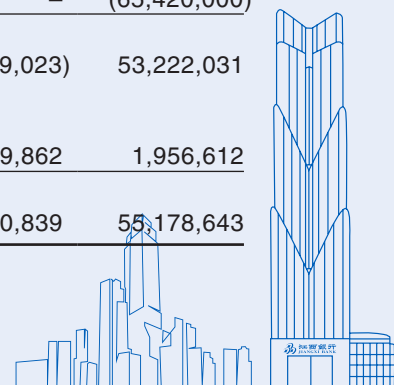
34 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2020	55,007,804	170,839	55,178,643
Changes from financing cash flows:			
– Proceeds from debt securities issued	34,206,893	–	34,206,893
– Interest paid on debt securities issued	–	(150,780)	(150,780)
– Repayments of debt securities issued	(31,480,000)	–	(31,480,000)
Total changes from financing cash flows	57,734,697	20,059	57,754,756
Other change:			
– Interest expense	706,151	202,543	908,694
Balance at 30 June 2020	58,440,848	222,602	58,663,450

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2019	60,883,293	246,517	61,129,810
Changes from financing cash flows:			
– Proceeds from debt securities issued	58,087,761	–	58,087,761
– Interest paid on debt securities issued	–	(575,540)	(575,540)
– Repayments of debt securities issued	(65,420,000)	–	(65,420,000)
Total changes from financing cash flows	53,551,054	(329,023)	53,222,031
Other change:			
– Interest expense	1,456,750	499,862	1,956,612
Balance at 31 December 2019	55,007,804	170,839	55,178,643



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

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

Shareholding in the Bank:

	30 June 2020	31 December 2019
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省高速公路投資集團有限責任公司")	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	4.37%	4.37%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	4.21%	4.21%
Pingxiang Huixiang Construction Development Co., Ltd. ("萍鄉市匯翔建設發展有限公司")	4.00%	4.00%

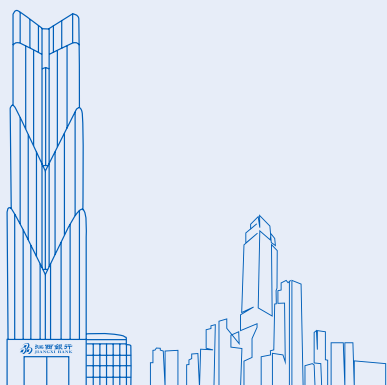
The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiary of the Bank

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

(iii) Associates of the Bank

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(a) Related parties of the Group (Continued)

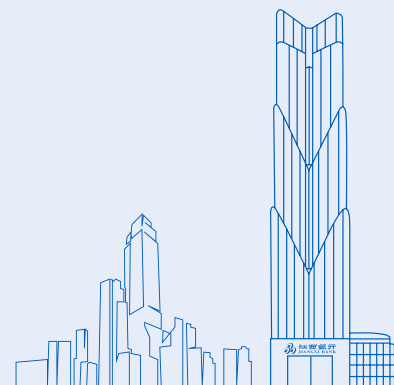
(iv) Other related parties

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

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

(i) Transactions between the Group and major shareholders

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest expense	239,292	101,591
Interest income	30,114	18,226
	30 June	31 December
	2020	2019
Balances at the end of the period/year:		
Deposits from customers	24,289,367	21,055,232
Loans and advances to customers	1,135,402	939,445
Financial investments	1,050,000	1,491,478



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

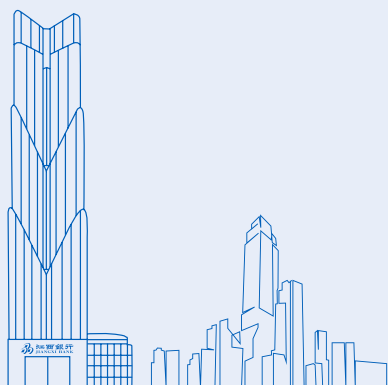
35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(ii) Transactions between the Bank and subsidiary

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

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest expense	13,272	4,468
Interest income	2,575	4,743
Fee and commission income	–	13
	30 June	31 December
	2020	2019
Balances at the end of the period/year:		
Placements with banks and other financial institutions	900,059	700,059
Deposits from banks and other financial institutions	714,738	953,679
Bank acceptances	19,890	45,090



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

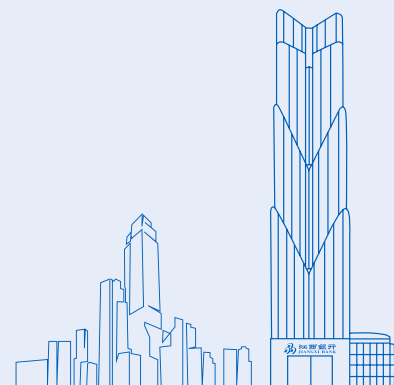
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(iii) Transactions between the Bank and associates

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest expense	14,140	6,547
	30 June	31 December
	2020	2019
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	339,932	336,681



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

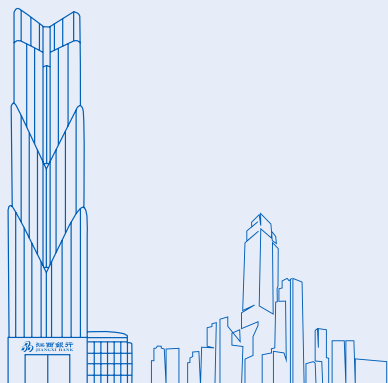
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

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

(iv) Transactions between the Bank and other related parties

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest income	45,757	7,635
Interest expense	39,420	36,057
Fee and commission income	345	–
	30 June	31 December
	2020	2019
Balances at the end of the period/year:		
Deposits from customers	3,080,169	3,905,743
Loans and advances to customers	1,188,951	1,817,760
Bank acceptances	706,699	741,500
Letters of guarantees	681,444	800
Letters of credit	520,000	–



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

(c) Key management personnel

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

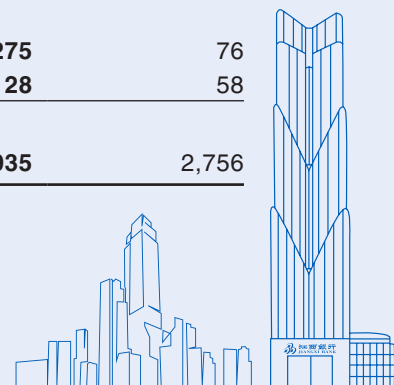
(i) Transactions between the Bank and key management personnel

	Six months ended 30 June	
	2020	2019
Transactions during the period:		
Interest expense	235	26
Interest income	27	177
	30 June	31 December
	2020	2019
Balances at the end of the period/year:		
Deposits from customers	18,448	15,380
Loans and advances to customers	721	–

(ii) Key management personnel compensation

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

	Six months ended 30 June	
	2020	2019
Salaries and other emoluments	2,632	2,622
Contributions by the employer to social insurance and staff welfare, housing fund, etc.	275	76
Other welfare	28	58
Total	2,935	2,756



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

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

(i) *Debt securities and equity investments*

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

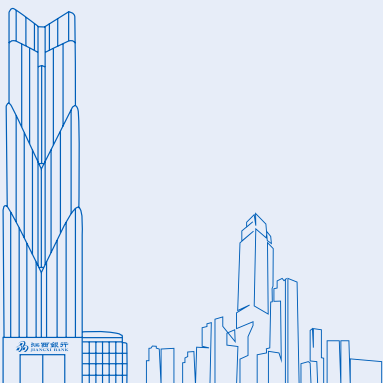
(ii) *Financial investments and other financial assets*

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

(iii) *Debt securities issued and other financial liabilities*

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(b) Fair value measurement

(i) *Financial assets*

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

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

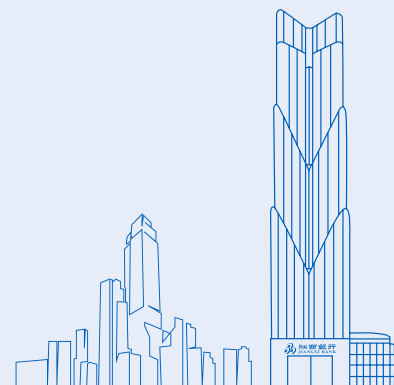
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

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

(ii) *Financial liabilities*

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy

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

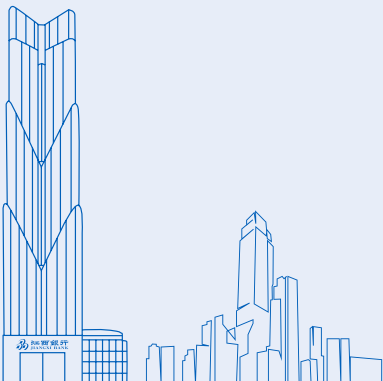
- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable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

Financial investments

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

Loans and advances to customers

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



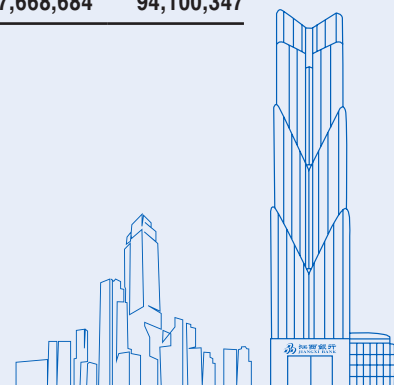
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	30 June 2020			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	1,180,439	1,180,439
– Discounted bills	–	–	23,323,125	23,323,125
Sub-total	–	–	24,503,564	24,503,564
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	7,066,092	3,521,495	10,587,587
– Equity instruments	110,098	–	8,946	119,044
– Fund investments	23,770,654	–	–	23,770,654
– Other financial investments	–	–	6,224,064	6,224,064
Sub-total	23,880,752	7,066,092	9,754,505	40,701,349
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	15,484,819	–	15,484,819
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	13,400,365	13,400,365
Sub-total	–	15,484,819	13,410,615	28,895,434
Total	23,880,752	22,550,911	47,668,684	94,100,347



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

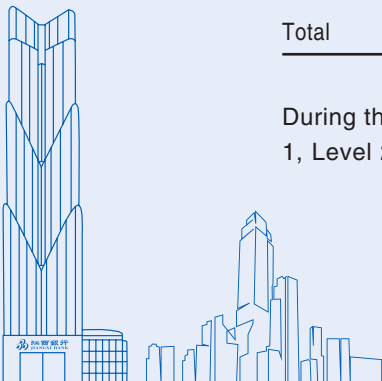
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2019			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	1,552,483	1,552,483
– Discounted bills	–	–	15,447,732	15,447,732
Sub-total	–	–	17,000,215	17,000,215
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	3,647,273	3,392,022	7,039,295
– Equity instruments	130,239	–	8,946	139,185
– Fund investments	17,893,984	–	–	17,893,984
– Other financial investments	–	–	9,849,130	9,849,130
Sub-total	18,024,223	3,647,273	13,250,098	34,921,594
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	11,383,110	–	11,383,110
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	14,682,021	14,682,021
Sub-total	–	11,383,110	14,692,271	26,075,381
Total	18,024,223	15,030,383	44,942,584	77,997,190

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

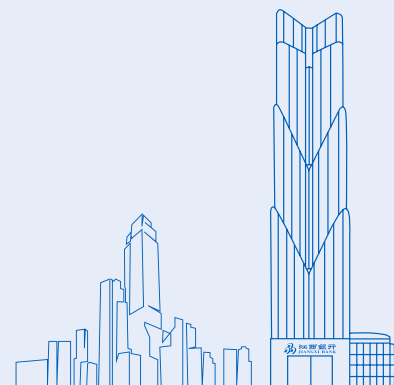
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

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

	Six months ended 30 June 2020	
	Loans and advances to customers	Financial investments
As at 1 January 2020	17,000,215	27,942,369
Total gains or (losses)		
– In profit or loss for the current period	295,008	618,299
– In other comprehensive income for the current period	(9,664)	(108,928)
Purchases	19,720,707	552,361
Settlements	(12,502,702)	(5,838,981)
As at 30 June 2020	24,503,564	23,165,120
Total unrealized gains or losses for the period included in profit or loss for assets and liabilities held at the end of the reporting period	(5,122)	35,836



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

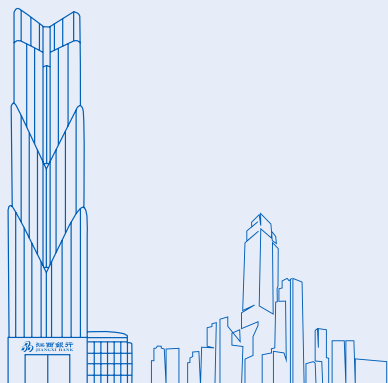
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Year ended 31 December 2019	
	Loans and advances to customers	Financial investments
As at 1 January 2019	8,500,910	29,863,853
Total gains or (losses)		
– In profit or loss for the current year	443,125	1,651,765
– In other comprehensive income for the current year	(2,863)	202,451
Purchases	16,986,362	13,153,609
Settlements	(8,927,319)	(16,929,309)
As at 31 December 2019	17,000,215	27,942,369
Total unrealized losses for the year included in profit or loss for assets and liabilities held at the end of the year	(43,470)	(352,214)

During the six months ended 30 June 2020, there were no significant transfers into or out of Level 3 (2019: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

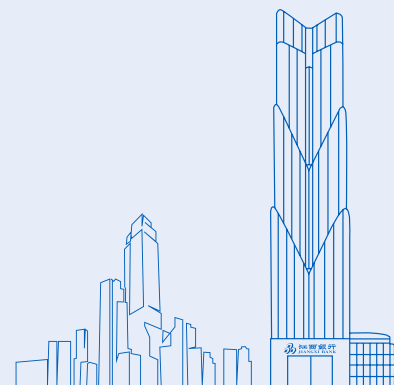
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

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

	Fair value as at 30 June 2020	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	1,180,439	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	23,323,125	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	13,400,365	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,521,495	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	6,224,064	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	Fair value as at 31 December 2019	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	1,552,483	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	15,447,732	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	14,682,021	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,392,022	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	9,849,130	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow

During the six months ended 30 June 2020, there were no significant change in the valuation techniques (2019: nil).

As at 30 June 2020, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

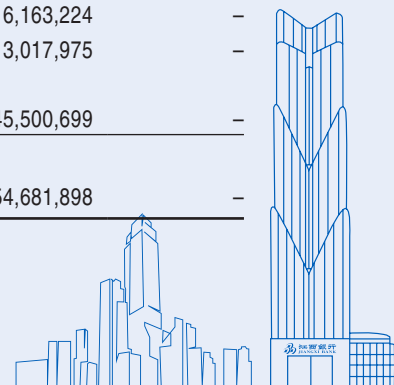
36 FAIR VALUE (Continued)

(d) Financial instruments carried at other than fair value

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

	30 June 2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial Investments at amortized cost					
– debt securities	38,606,672	39,298,339	–	39,298,339	–
Financial liabilities					
– Tier-two capital debts issued	5,996,574	6,184,680	–	6,184,680	–
– Other debt securities issued	2,999,123	3,027,903	–	3,027,903	–
– Certificates of interbank deposits issued	49,445,151	48,905,267	–	48,905,267	–
Total	58,440,848	58,117,850	–	58,117,850	–

	31 December 2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost					
– debt securities	36,848,415	37,284,346	–	37,284,346	–
Financial liabilities					
– Tier-two capital debts issued	5,995,492	6,163,224	–	6,163,224	–
– Other debt securities issued	2,998,292	3,017,975	–	3,017,975	–
– Certificates of interbank deposits issued	46,014,020	45,500,699	–	45,500,699	–
Total	55,007,804	54,681,898	–	54,681,898	–



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

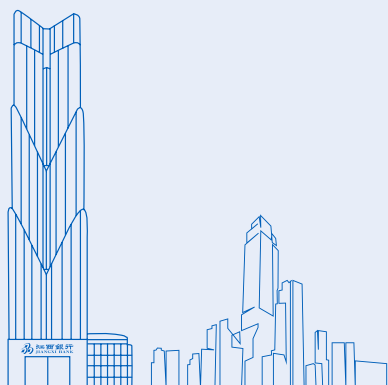
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 ENTRUSTED LENDING BUSINESS

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

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

	30 June 2020	31 December 2019
Entrusted loans	48,991,960	53,156,681
Entrusted funds	(48,991,960)	(53,156,681)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

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

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

	30 June 2020	31 December 2019
Loan commitments		
– Original contractual maturity within one year	86,000	6,000
– Original contractual maturity more than one year (inclusive)	260,010	268,010
Sub-total	346,010	274,010
Unused credit card commitments		
– Original contractual maturity within one year	5,953,119	5,655,793
Sub-total	5,953,119	5,655,793
Bank acceptances	21,458,740	19,365,047
Letters of credit	4,348,264	2,982,121
Letters of guarantees	11,949,169	9,762,586
Total	44,055,302	38,039,557

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit risk-weighted amount

	30 June 2020	31 December 2019
Credit risk-weighted amount	15,802,448	18,142,341

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

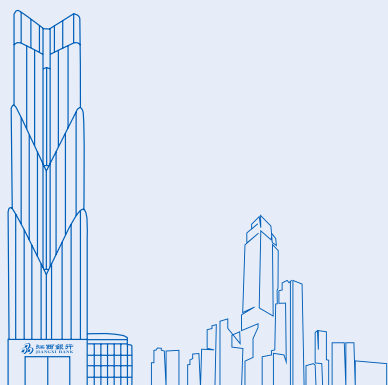
(c) Capital commitments

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

	30 June 2020	31 December 2019
Contracted but not paid for	11,334	14,996
Authorized but not contracted for	–	299,083
Total	11,334	314,079

(d) Outstanding litigations and disputes

As at 30 June 2020, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2019: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets

(i) Assets pledged as collaterals

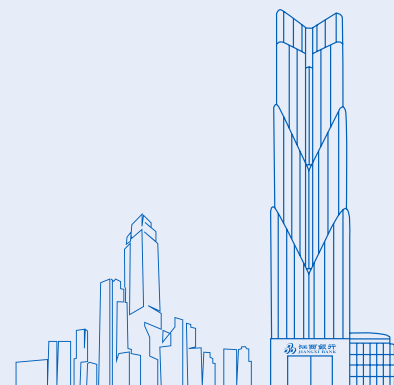
Analyzed by type of collateral

	30 June 2020	31 December 2019
Debt securities		
– Government	2,832,245	4,661,000
– Policy banks	8,687,148	15,859,483
Total	11,519,393	20,520,483

Analyzed by type of asset

	30 June 2020	31 December 2019
Financial investment		
– Financial assets at fair value through profit or loss	1,834,393	351,483
– Financial assets at fair value through other comprehensive income	300,000	2,250,000
– Financial assets at amortized cost	9,385,000	17,919,000
Total	11,519,393	20,520,483

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Pledged assets (Continued)

(ii) Received pledged assets

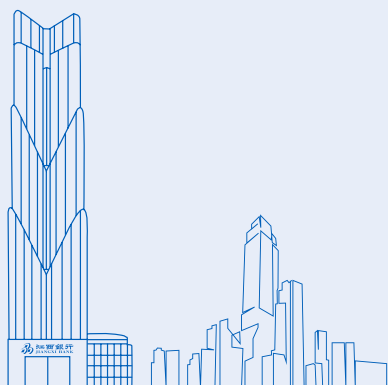
As part of the reverse repurchase agreements, the Group has received securities, bills and other documents as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 30 June 2020 (31 December 2019: nil).

(f) Redemption obligations

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

	30 June 2020	31 December 2019
Redemption obligations	699	1,244

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

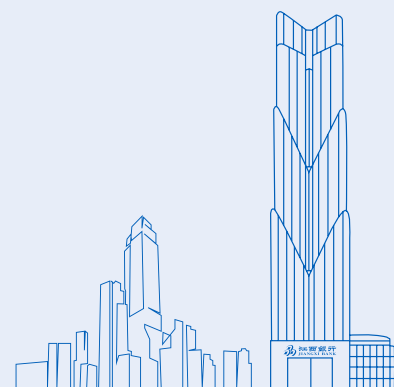
39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

	30 June 2020	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	29,994,718	29,994,718
Financial investments at fair value through other comprehensive income	13,329,478	13,329,478
Financial investments at amortized cost	85,179,917	85,179,917
Total	128,504,113	128,504,113



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

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

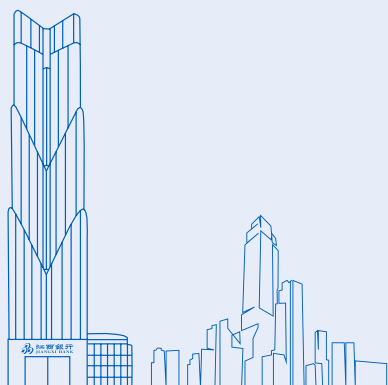
	31 December 2019	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	27,743,114	27,743,114
Financial investments at fair value through other comprehensive income	14,619,873	14,619,873
Financial investments at amortized cost	90,583,419	90,583,419
Total	132,946,406	132,946,406

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

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

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

At 30 June 2020, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, are RMB37,553.42 million (31 December 2019: RMB33,201.11 million).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

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

During the six months ended 30 June 2020, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 30 June amounted to RMB4,448.25 million (six months ended 30 June 2019: RMB6,145.51 million). During the six months ended 30 June 2020, the Group recorded commission income as the manager of these wealth management products amounting to RMB3.97 million (six months ended 30 June 2019: RMB7.16 million).

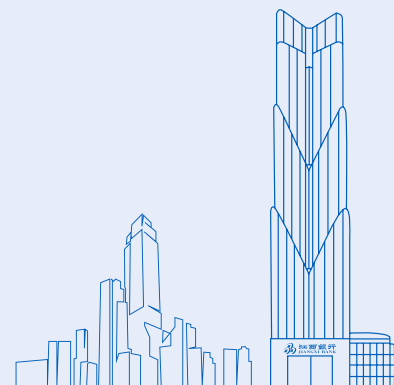
40 CAPITAL MANAGEMENT

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

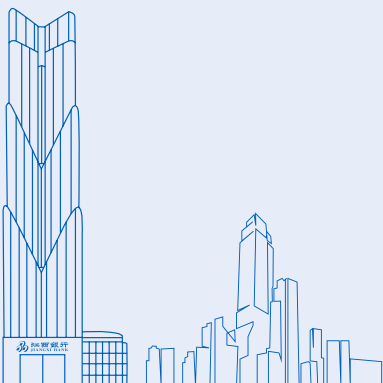
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 CAPITAL MANAGEMENT (Continued)

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

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

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



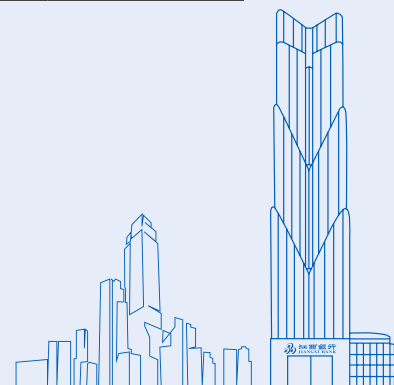
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 CAPITAL MANAGEMENT (Continued)

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

	30 June 2020	31 December 2019
Total core tier-one capital	35,296,378	34,803,626
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,954,103	14,381,671
– Surplus reserve	2,709,402	2,709,402
– General reserve	5,873,807	5,873,807
– Retained earnings	6,422,079	5,467,098
– Qualifying portions of non-controlling interests	312,710	347,371
Core tier-one capital deductions	(525,559)	(231,246)
Net core tier-one capital	34,770,819	34,572,380
Other tier-one capital	41,695	46,316
Net tier-one capital	34,812,514	34,618,696
Tier-two capital	9,220,205	9,205,502
– Qualifying portions of tier-two capital instruments issued	6,000,000	6,000,000
– Surplus allowances for loan impairment	3,136,816	3,112,870
– Qualifying portions of non-controlling interests	83,389	92,632
Net capital base	44,032,719	43,824,198
Total risk weighted assets	346,937,572	347,120,024
Core tier-one capital adequacy ratio	10.02%	9.96%
Tier-one capital adequacy ratio	10.03%	9.97%
Capital adequacy ratio	12.69%	12.63%



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING

(a) Operating segments

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

Corporate banking

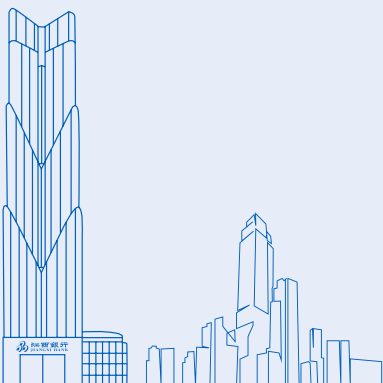
This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory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

Retail banking and credit card

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

Financial markets business

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

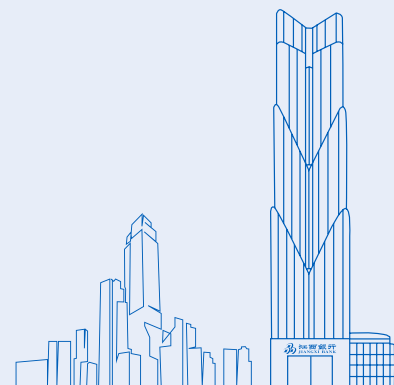
Others

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

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

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

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



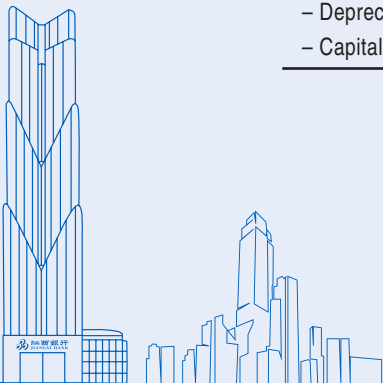
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

	Six months ended 30 June 2020				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income	1,406,904	653,678	2,777,983	–	4,838,565
Internal net interest income/(expense)	1,096,872	387,279	(1,570,548)	86,397	–
Net interest income	2,503,776	1,040,957	1,207,435	86,397	4,838,565
Net fee and commission income/(expense)	157,915	52,536	135,132	(2,993)	342,590
Net trading gains	–	–	29,097	–	29,097
Net gains arising from financial investments	15,138	–	581,600	–	596,738
Other operating income/(expenses)	27,889	1,808	3,889	(11,906)	21,680
Operating income	2,704,718	1,095,301	1,957,153	71,498	5,828,670
Operating expenses	(398,771)	(394,688)	(662,726)	(6,571)	(1,462,756)
Impairment losses on assets	(1,936,291)	(354,064)	(398,863)	(33,243)	(2,722,461)
Share of profits of associates	–	–	–	2,255	2,255
Profit before taxation	369,656	346,549	895,564	33,939	1,645,708
Segment assets	129,541,502	82,810,685	249,298,719	2,175,426	463,826,332
Segment liabilities	(218,992,933)	(99,499,446)	(108,917,373)	(775,287)	(428,185,039)
Other segment information					
– Credit commitments	38,102,183	5,953,119	–	–	44,055,302
– Depreciation and amortization	30,689	53,221	170,953	–	254,863
– Capital expenditure	27,940	48,453	155,637	–	232,030



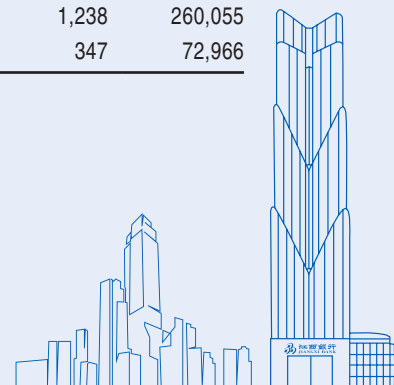
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(a) Operating segments (Continued)

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 SEGMENT REPORTING (Continued)

(b) Geographical information

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

42 RISK MANAGEMENT

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

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

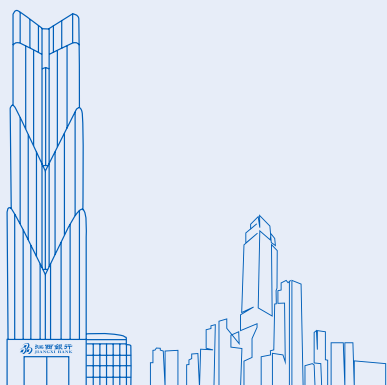
The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimize potential adverse effects.

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

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

(a) Credit risk

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Credit business

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Treasury Business

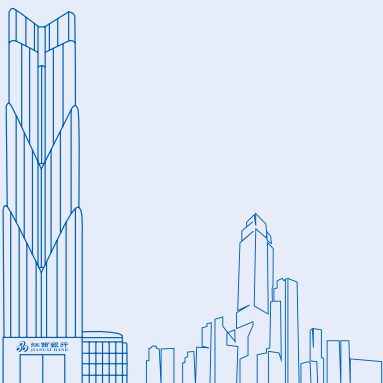
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic, real-time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

Measurement of ECL

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(i) Significant increase in credit risk

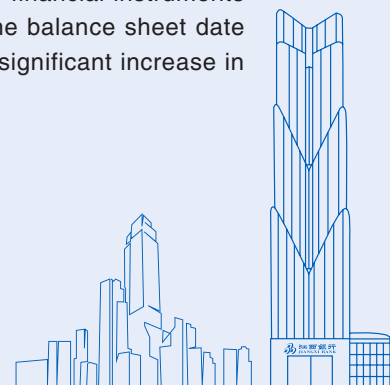
When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

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

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

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

As at 30 June 2020, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2019: nil).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

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

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

(a) Quantitative criterion

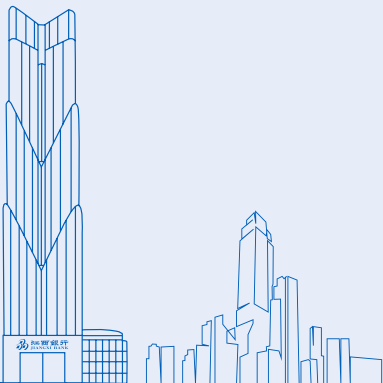
The financial asset is more than 90 days past due.

(b) Qualitative criterion

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

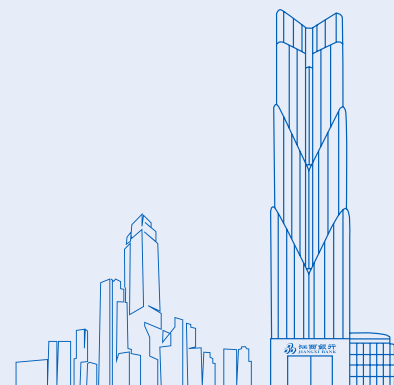
(iii) Notes to the parameters, assumptions and valuation techniques

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

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

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

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



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

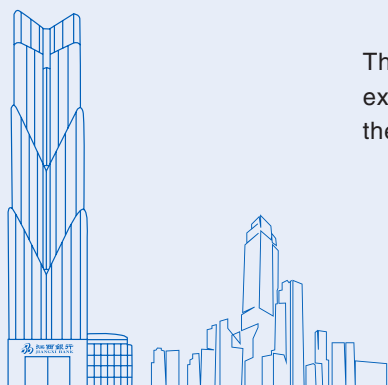
Measurement of ECL (Continued)

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

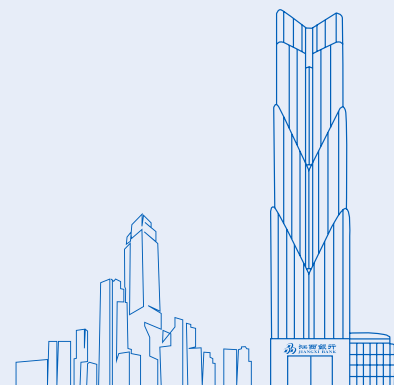
(iii) Notes to the parameters, assumptions and valuation techniques (Continued)

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

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

(1) Maximum credit risk exposure

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

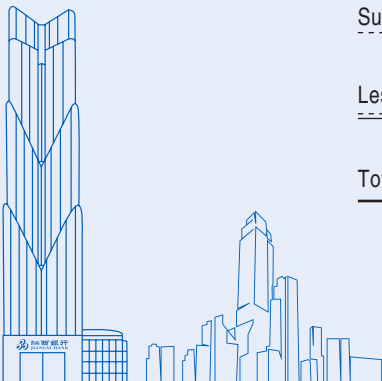
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

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

	30 June 2020			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Neither overdue nor credit-impaired	198,534,371	6,559,033	7,995,564	146,487,175
Sub-total	198,534,371	6,559,033	7,995,564	146,487,175
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	1,408,747	–	–	385,314
– Neither overdue nor credit-impaired	8,731,541	–	–	997,835
Sub-total	10,140,288	–	–	1,383,149
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	7,430,776	–	–	8,026,143
– Credit-impaired but not overdue	1,858,957	–	–	3,558,891
Sub-total	9,289,733	–	–	11,585,034
Less: Allowances for impairment losses	(9,314,658)	(3,277)	–	(5,522,496)
Total	208,649,734	6,555,756	7,995,564	153,932,862



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

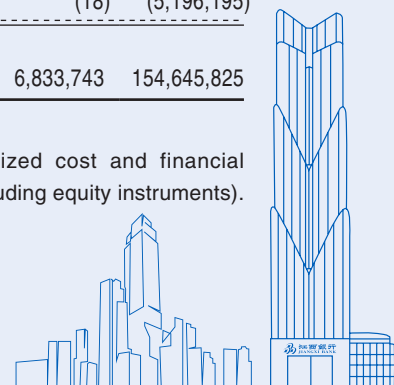
42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

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

	31 December 2019			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	4,901	–	–	–
– Neither overdue nor credit-impaired	187,953,682	8,300,817	6,833,761	147,981,882
Sub-total	187,958,583	8,300,817	6,833,761	147,981,882
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	4,278,824	–	–	2,813,535
– Neither overdue nor credit-impaired	12,882,085	–	–	1,151,121
Sub-total	17,160,909	–	–	3,964,656
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	4,859,767	–	–	6,386,932
– Credit-impaired but not overdue	803,473	–	–	1,508,550
Sub-total	5,663,240	–	–	7,895,482
Less: Allowances for impairment losses	(7,793,362)	(1,340)	(18)	(5,196,195)
Total	202,989,370	8,299,477	6,833,743	154,645,825

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

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

The fair value of collaterals held against loans and advances overdue but not credit-impaired at 30 June 2020 amounted to RMB713.24 million (31 December 2019: RMB1,627.93 million).

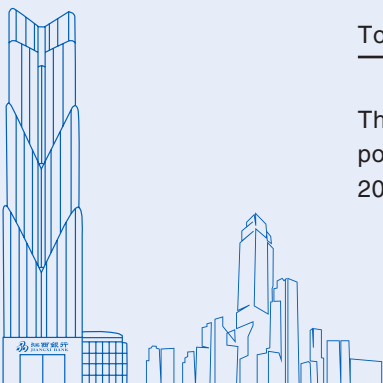
The fair value of collaterals held against loans and advances credit-impaired at 30 June 2020 amounted to RMB2,216.06 million (31 December 2019: RMB1,706.78 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

- (3) Credit rating of debt securities

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

	30 June 2020	31 December 2019
<hr/>		
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	60,181,182	52,081,006
– AA- to AA+	1,545,327	440,327
<hr/>		
Sub-total	61,726,509	52,521,333
<i>Unrated</i>	3,521,495	3,392,022
<hr/>		
Total	65,248,004	55,913,355
<hr/>		

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB58.75 billion as at 30 June 2020 (31 December 2019: RMB50.26 billion).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk

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

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

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

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

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

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk

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

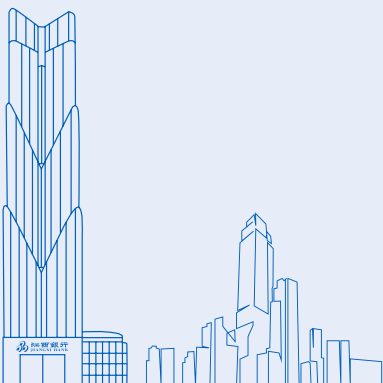
Repricing risk

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

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

Trading interest rate risk

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

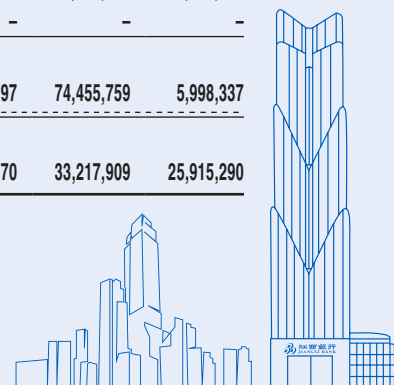
42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

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

	30 June 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	35,062,579	839,547	34,223,032	-	-	-
Deposits with banks and other financial institutions	2,054,623	228,291	1,826,332	-	-	-
Placements with banks and other financial institutions	4,501,133	1,991	4,499,142	-	-	-
Financial assets held under resale agreements	7,995,564	464	7,995,100	-	-	-
Loans and advances to customers (Note (a))	208,649,734	659,875	65,210,219	122,753,406	18,962,829	1,063,405
Financial Investments (Note (b))	194,644,461	1,720,457	30,859,882	42,503,061	88,710,839	30,850,222
Others	10,918,238	10,918,238	-	-	-	-
Total assets	463,826,332	14,368,863	144,613,707	165,256,467	107,673,668	31,913,627
Liabilities						
Borrowing from the central bank	10,922,200	39,020	1,051,863	9,831,317	-	-
Deposits from banks and other financial institutions	23,663,810	276,333	8,373,977	15,013,500	-	-
Placements from banks and other financial institutions	2,753,780	3,780	450,000	2,300,000	-	-
Borrowing from other financial institutions	11,401,800	151,800	3,100,000	8,150,000	-	-
Financial assets sold under repurchase agreements	11,181,950	950	11,181,000	-	-	-
Deposits from customers	303,863,700	3,206,290	164,093,328	65,105,684	71,456,636	1,762
Debt securities issued	58,663,450	222,602	14,633,754	34,811,396	2,999,123	5,996,575
Others	5,734,349	5,734,349	-	-	-	-
Total liabilities	428,185,039	9,635,124	202,883,922	135,211,897	74,455,759	5,998,337
Asset-liability gap	35,641,293	4,733,739	(58,270,215)	30,044,570	33,217,909	25,915,290



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

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

	31 December 2019					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	38,810,810	3,929,339	34,881,471	-	-	-
Deposits with banks and other financial institutions	1,997,570	899,903	1,097,667	-	-	-
Placements with banks and other financial institutions	6,301,907	3,019	6,298,888	-	-	-
Financial assets held under resale agreements	6,833,743	491	6,833,252	-	-	-
Loans and advances to customers (Note (a))	202,989,370	765,603	126,862,644	65,634,589	9,694,982	31,552
Financial investments (Note (b))	189,577,669	1,665,776	26,493,580	25,771,801	111,157,549	24,488,963
Others	9,607,460	9,607,460	-	-	-	-
Total assets	456,118,529	16,871,591	202,467,502	91,406,390	120,852,531	24,520,515
Liabilities						
Borrowing from the central bank	7,696,259	98,347	69,607	7,528,305	-	-
Deposits from banks and other financial institutions	31,212,140	355,821	12,794,033	17,512,286	550,000	-
Placements from banks and other financial institutions	2,555,016	5,016	1,750,000	800,000	-	-
Borrowing from other financial institutions	14,863,272	183,272	3,130,000	11,550,000	-	-
Financial assets sold under repurchase agreements	19,704,409	1,549	19,702,860	-	-	-
Deposits from customers	284,548,914	5,644,110	166,537,915	59,372,958	52,982,214	11,717
Debt securities issued	55,178,643	170,839	12,614,004	33,109,104	3,289,204	5,995,492
Others	5,272,182	5,272,182	-	-	-	-
Total liabilities	421,030,835	11,731,136	216,598,419	129,872,653	56,821,418	6,007,209
Asset-liability gap	35,087,694	5,140,455	(14,130,917)	(38,466,263)	64,031,113	18,513,306



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

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

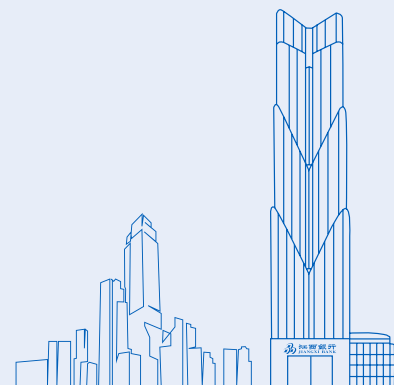
(a) As at 30 June 2020, for loans and advances to customers, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB1,404.32 million (31 December 2019: RMB2,133.94 million).

(b) As at 30 June 2020, for financial investments, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB3,511.34 million (31 December 2019: RMB2,722.32 million).

(ii) Interest rate sensitivity analysis

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

	30 June 2020 (decrease)/ increase	31 December 2019 (decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(343,281)	(217,704)
Down 100 bps parallel shift in yield curves	344,499	165,582



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

	30 June 2020	31 December 2019
	(decrease)/ increase	(decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(250,566)	(284,302)
Down 100 bps parallel shift in yield curves	265,837	299,364

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

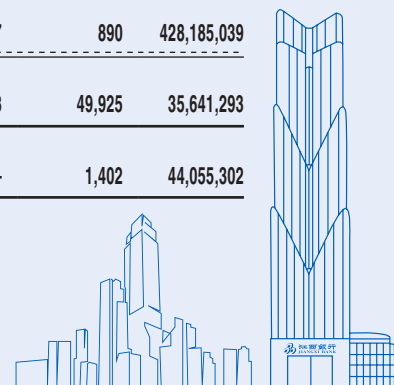
Foreign exchange risk

Foreign currency risk

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

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

	30 June 2020				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	35,037,608	22,041	2,595	335	35,062,579
Deposits with banks and other financial institutions	904,972	1,044,351	54,820	50,480	2,054,623
Placements with banks and other financial institutions	4,501,133	-	-	-	4,501,133
Financial assets held under resale agreements	7,995,564	-	-	-	7,995,564
Loans and advances to customers	208,331,517	318,217	-	-	208,649,734
Financial investments	194,644,461	-	-	-	194,644,461
Other assets	10,916,216	2,022	-	-	10,918,238
Total assets	462,331,471	1,386,631	57,415	50,815	463,826,332
Liabilities					
Borrowing from the central bank	10,922,200	-	-	-	10,922,200
Deposits from banks and other financial institutions	23,663,007	356	274	173	23,663,810
Placements from banks and other financial institutions	2,753,780	-	-	-	2,753,780
Borrowing from other financial institutions	11,401,800	-	-	-	11,401,800
Financial assets sold under repurchase agreements	11,181,950	-	-	-	11,181,950
Deposits from customers	303,595,122	241,802	26,061	715	303,863,700
Debt securities issued	58,663,450	-	-	-	58,663,450
Other liabilities	5,674,119	44,116	16,112	2	5,734,349
Total liabilities	427,855,428	286,274	42,447	890	428,185,039
Net position	34,476,043	1,100,357	14,968	49,925	35,641,293
Off-balance sheet credit commitments	39,764,000	4,289,900	-	1,402	44,055,302



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

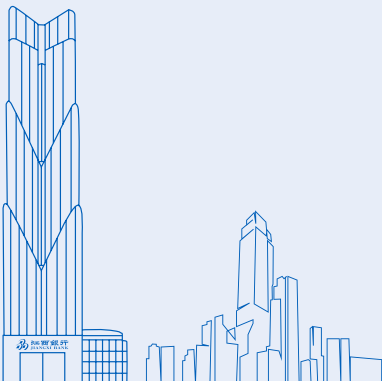
42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

	31 December 2019				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	38,793,057	14,965	2,461	327	38,810,810
Deposits with banks and other financial institutions	1,021,599	869,198	55,749	51,024	1,997,570
Placements with banks and other financial institutions	6,301,907	-	-	-	6,301,907
Financial assets held under resale agreements	6,833,743	-	-	-	6,833,743
Loans and advances to customers	202,346,362	643,008	-	-	202,989,370
Financial investments	189,577,669	-	-	-	189,577,669
Others	9,604,568	2,892	-	-	9,607,460
Total assets	454,478,905	1,530,063	58,210	51,351	456,118,529
Liabilities					
Borrowing from the central bank	7,696,259	-	-	-	7,696,259
Deposits from banks and other financial institutions	31,002,065	209,636	269	170	31,212,140
Placements from banks and other financial institutions	2,555,016	-	-	-	2,555,016
Borrowing from other financial institutions	14,863,272	-	-	-	14,863,272
Financial assets sold under repurchase agreements	19,704,409	-	-	-	19,704,409
Deposits from customers	284,127,686	393,690	26,838	700	284,548,914
Debt securities issued	55,178,643	-	-	-	55,178,643
Others	5,227,881	28,490	15,809	2	5,272,182
Total liabilities	420,355,231	631,816	42,916	872	421,030,835
Net position	34,123,674	898,247	15,294	50,479	35,087,694
Credit commitments	35,048,375	2,989,810	-	1,372	38,039,557



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

Foreign currency risk (Continued)

(ii) Exchange rate sensitivity analysis

	30 June 2020 (decrease)/ increase	31 December 2019 (decrease)/ increase
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(8,739)	(7,230)
Foreign exchange rates increases by 100 bps	8,739	7,230

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

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

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

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



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk

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

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

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

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

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

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



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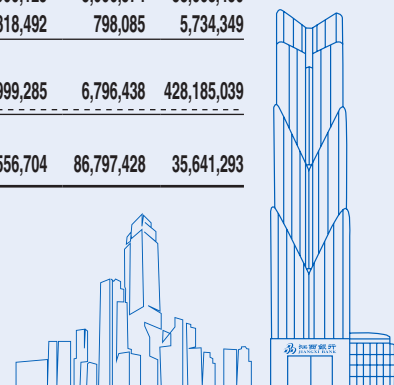
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	30 June 2020				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	29,723,238	5,339,341	-	-	-	-	-	35,062,579
Deposits with banks and other financial institutions	-	2,054,623	-	-	-	-	-	2,054,623
Placements with banks and other financial institutions	-	-	4,501,133	-	-	-	-	4,501,133
Financial assets held under resale agreements	-	-	7,995,564	-	-	-	-	7,995,564
Loans and advances to customers	2,715,584	3,669,833	3,980,237	13,833,899	77,894,014	44,738,603	61,817,564	208,649,734
Financial investments	7,288,593	24,039,435	517,945	3,057,213	41,325,402	87,229,794	31,186,079	194,644,461
Others	8,434,426	707,341	384,975	51,346	162,335	587,592	590,223	10,918,238
Total assets	48,161,841	35,810,573	17,379,854	16,942,458	119,381,751	132,555,989	93,593,866	463,826,332
Liabilities								
Borrowing from the central bank	-	-	7,993	1,047,039	9,867,168	-	-	10,922,200
Deposits from banks and other financial institutions	-	1,302,344	2,698,247	4,018,294	15,644,925	-	-	23,663,810
Placements from banks and other financial institutions	-	-	251,355	202,425	2,300,000	-	-	2,753,780
Borrowing from other financial institutions	-	-	934,565	2,258,011	8,209,224	-	-	11,401,800
Financial assets sold under repurchase agreements	-	-	11,181,950	-	-	-	-	11,181,950
Deposits from customers	-	137,901,730	14,592,798	13,419,447	65,766,276	72,181,670	1,779	303,863,700
Debt securities issued	-	-	4,167,926	10,679,541	34,820,286	2,999,123	5,996,574	58,663,450
Others	438,111	651,777	421,082	1,217,727	389,075	1,818,492	798,085	5,734,349
Total liabilities	438,111	139,855,851	34,255,916	32,842,484	136,996,954	76,999,285	6,796,438	428,185,039
Long/(short) position	47,723,730	(104,045,278)	(16,876,062)	(15,900,026)	(17,615,203)	55,556,704	86,797,428	35,641,293



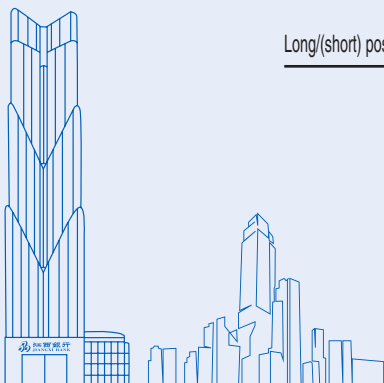
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	31 December 2019							
	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	30,290,582	8,520,228	-	-	-	-	-	38,810,810
Deposits with banks and other financial institutions	-	1,997,570	-	-	-	-	-	1,997,570
Placements with banks and other financial institutions	-	-	6,301,907	-	-	-	-	6,301,907
Financial assets held under resale agreements	-	-	6,833,743	-	-	-	-	6,833,743
Loans and advances to customers	1,556,836	4,305,220	6,269,090	11,518,377	69,662,850	51,456,652	58,220,345	202,989,370
Financial investments	4,371,084	18,224,899	1,541,544	4,911,796	25,805,837	109,981,875	24,740,634	189,577,669
Others	7,607,977	421,235	130,297	2,415	86,466	241,478	1,117,592	9,607,460
Total assets	43,826,479	33,469,152	21,076,581	16,432,588	95,555,153	161,680,005	84,078,571	456,118,529
Liabilities								
Borrowing from the central bank	-	-	8,332	61,275	7,626,652	-	-	7,696,259
Deposits from banks and other financial institutions	-	2,271,289	4,193,892	6,535,633	17,643,552	567,774	-	31,212,140
Placements from banks and other financial institutions	-	-	-	1,753,442	801,574	-	-	2,555,016
Borrowing from other financial institutions	-	-	580,773	2,603,688	11,678,811	-	-	14,863,272
Financial assets sold under repurchase agreements	-	-	19,704,409	-	-	-	-	19,704,409
Deposits from customers	-	136,775,073	12,867,303	21,250,850	60,053,939	53,589,897	11,852	284,548,914
Debt securities issued	-	-	1,529,214	11,085,344	33,109,105	3,335,790	6,119,190	55,178,643
Others	209,754	475,781	647,304	1,346,508	195,100	1,637,276	760,459	5,272,182
Total liabilities	209,754	139,522,143	39,531,227	44,636,740	131,108,733	59,130,737	6,891,501	421,030,835
Long/(short) position	43,616,725	(106,052,991)	(18,454,646)	(28,204,152)	(35,553,580)	102,549,268	77,187,070	35,087,694



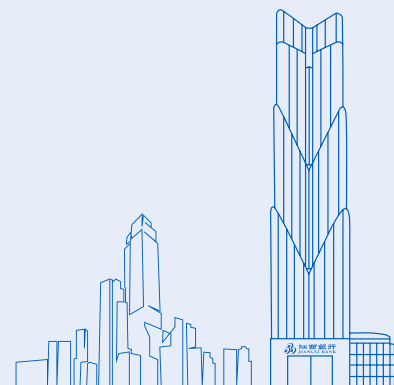
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

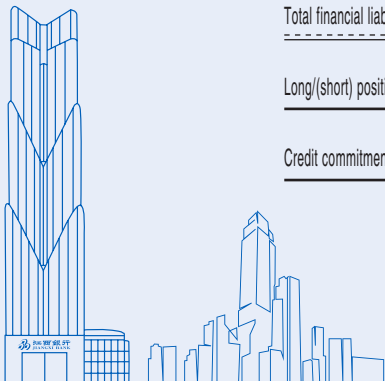
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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

	30 June 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	35,062,579	35,062,579	29,723,238	5,339,341	-	-	-	-	-
Deposits with banks and other financial institutions	2,054,623	2,054,623	-	2,054,623	-	-	-	-	-
Placements with banks and other financial institutions	4,501,133	4,504,508	-	-	4,504,508	-	-	-	-
Financial assets held under resale agreements	7,995,564	7,996,134	-	-	7,996,134	-	-	-	-
Loans and advances to customers	208,649,734	253,078,343	2,889,161	3,669,833	3,986,185	13,922,511	80,214,383	52,845,116	95,551,154
Financial investments	194,644,461	219,648,211	7,316,893	24,039,435	541,609	3,471,816	47,390,014	100,559,193	36,329,251
Others	2,919,403	2,919,403	1,839,931	707,214	372,258	-	-	-	-
Total financial assets	455,827,497	525,263,801	41,769,223	35,810,446	17,400,694	17,394,327	127,604,397	153,404,309	131,880,405
Financial liabilities									
Borrowing from the central bank	10,922,200	11,064,286	-	-	8,000	1,073,713	9,982,573	-	-
Deposits from banks and other financial institutions	23,663,810	24,209,315	-	1,302,344	2,757,620	4,127,493	16,021,858	-	-
Placements from banks and other financial institutions	2,753,780	2,808,060	-	-	251,738	220,934	2,335,388	-	-
Borrowing from other financial institutions	11,401,800	11,600,768	-	-	939,688	2,301,379	8,359,701	-	-
Financial assets sold under repurchase agreements	11,181,950	11,182,901	-	-	11,182,901	-	-	-	-
Deposits from customers	303,863,700	309,872,645	-	137,901,730	14,897,779	13,975,566	67,583,873	75,511,712	1,985
Debt securities issued	58,663,450	60,058,002	-	-	4,173,523	10,740,190	35,328,889	3,215,400	6,600,000
Total financial liabilities	422,450,690	430,795,977	-	139,204,074	34,211,249	32,439,275	139,612,282	78,727,112	6,601,985
Long/(short) position	33,376,807	94,467,824	41,769,223	(103,393,628)	(16,810,555)	(15,044,948)	(12,007,885)	74,677,197	125,278,420
Credit commitments	44,055,302	44,055,302	-	10,009,925	4,216,409	6,849,496	17,432,513	5,546,959	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

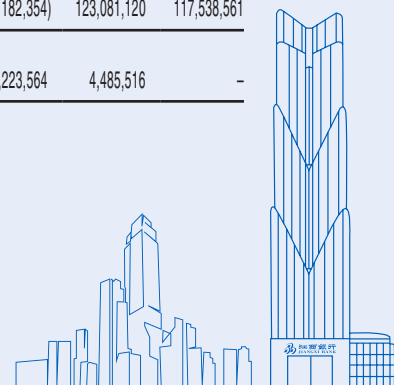
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

31 December 2019

	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	38,810,810	38,810,810	30,290,582	8,520,228	-	-	-	-	-
Deposits with banks and other financial institutions	1,997,570	1,997,570	-	1,997,570	-	-	-	-	-
Placements with banks and other financial institutions	6,301,907	7,003,669	-	-	7,003,669	-	-	-	-
Financial assets held under resale agreements	6,833,743	6,834,709	-	-	6,834,709	-	-	-	-
Loans and advances to customers	202,989,370	253,473,546	3,036,385	4,305,220	6,282,175	11,622,795	71,867,556	60,853,126	95,506,289
Financial investments	189,577,669	212,904,682	4,578,511	18,224,899	1,565,077	5,383,754	32,345,496	122,161,628	28,645,317
Others	3,610,298	3,610,298	3,059,590	421,191	129,517	-	-	-	-
Total financial assets	450,121,367	524,635,284	40,965,068	33,469,108	21,815,147	17,006,549	104,213,052	183,014,754	124,151,606
Financial liabilities									
Borrowing from the central bank	7,696,259	7,709,184	-	-	8,333	61,493	7,639,358	-	-
Deposits from banks and other financial institutions	31,212,140	31,664,719	-	2,271,289	4,200,319	6,573,089	17,950,736	669,286	-
Placements from banks and other financial institutions	2,555,016	2,593,057	-	-	-	1,766,715	826,342	-	-
Borrowing from other financial institutions	14,863,272	15,092,130	-	-	586,325	2,623,691	11,882,114	-	-
Financial assets sold under repurchase agreements	19,704,409	19,707,757	-	-	19,707,757	-	-	-	-
Deposits from customers	284,548,914	288,626,309	-	136,775,073	13,104,463	21,667,924	61,316,856	55,748,948	13,045
Debt securities issued	55,178,643	56,565,400	-	-	1,530,000	11,140,000	33,780,000	3,515,400	6,600,000
Total financial liabilities	415,758,653	421,958,556	-	139,046,362	39,137,197	43,832,912	133,395,406	59,933,634	6,613,045
Long/(short) position	34,362,714	102,676,728	40,965,068	(105,577,254)	(17,322,050)	(26,826,363)	(29,182,354)	123,081,120	117,538,561
Credit commitments	38,039,557	38,039,557	-	8,659,672	3,313,500	7,357,305	14,223,564	4,485,516	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

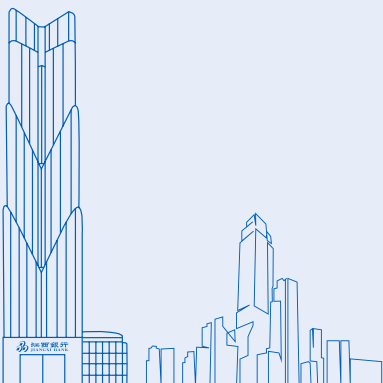
42 RISK MANAGEMENT (Continued)

(d) Operational risk

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

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

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 COMPARATIVE FIGURES

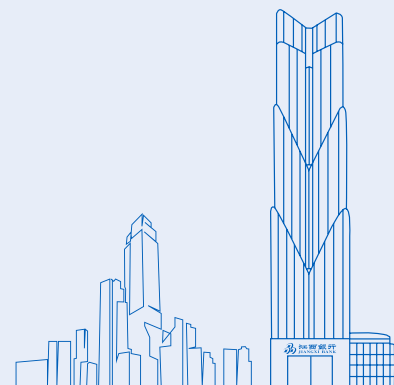
Certain comparative figures have been adjusted to conform to current period's presentation.

44 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 Group.

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

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



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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

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

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	30 June 2020	Average for the six months ended 30 June 2020
Liquidity coverage ratio (RMB and foreign currency)	298.37%	262.72%

	31 December 2019	Average for the year ended 31 December 2019
Liquidity coverage ratio (RMB and foreign currency)	205.12%	184.01%

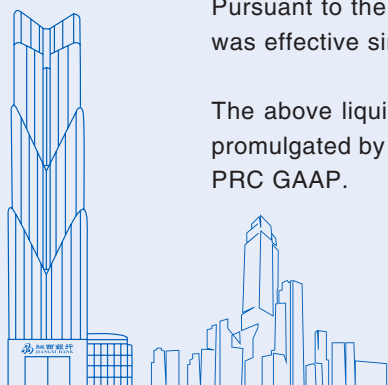
Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	30 June 2020	31 December 2019
Leverage Ratio	7.04%	7.20%

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

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



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

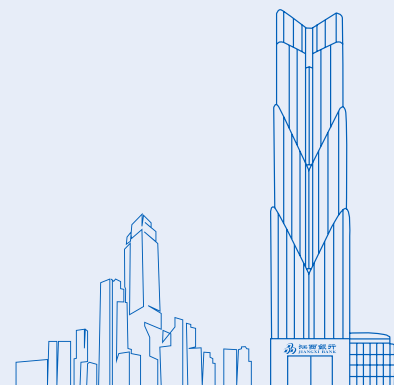
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 CURRENCY CONCENTRATIONS

	30 June 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,392,364	57,415	50,815	1,500,594
Spot liabilities	(292,007)	(42,447)	(890)	(335,344)
Net position	1,100,357	14,968	49,925	1,165,250

	31 December 2019			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	686,603	42,916	6,845	736,364
Spot liabilities	(640,834)	(42,916)	(872)	(684,622)
Net position	45,769	–	5,973	51,742

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



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

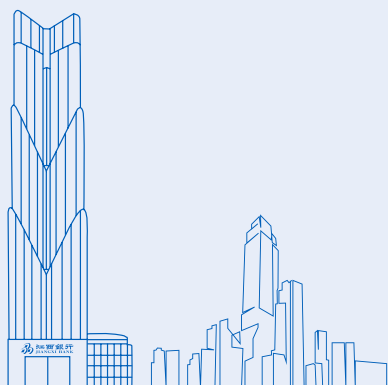
3 INTERNATIONAL CLAIMS

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

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

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

30 June 2020				
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–
31 December 2019				
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–

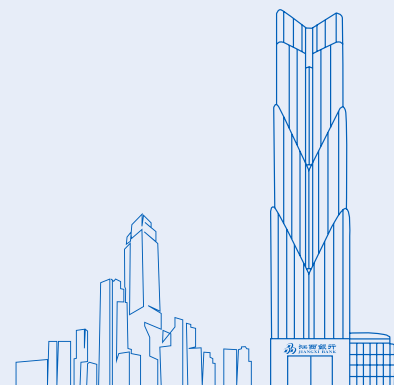


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

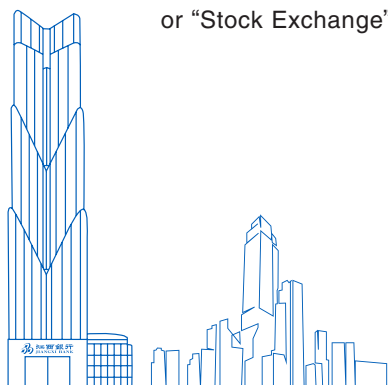
	30 June 2020	31 December 2019
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Between 3 and 6 months (inclusive)	1,171,373	1,202,233
– Between 6 months and 1 year (inclusive)	3,181,119	1,657,803
– Over 1 year	2,267,148	1,882,932
Total	6,619,640	4,742,968
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.54%	0.57%
– Between 6 months and 1 year (inclusive)	1.46%	0.79%
– Over 1 year	1.04%	0.90%
Total	3.04%	2.26%



DEFINITIONS

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

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



DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the Bank’s share capital, which are listed on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBoC” or “Central Bank”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the six months from January 1, 2020 to June 30, 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

